CHRISTIANITY AND ECONOMIC SCIENCE

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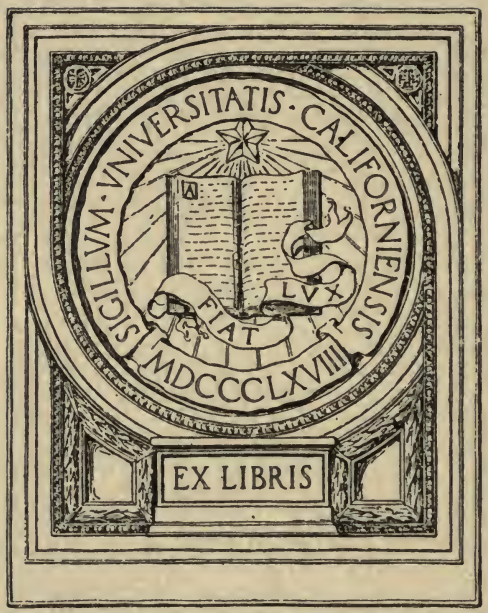
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CHRISTIANITY AND ECONOMIC SCIENCE

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CHRISTIANITY AND ECONOMIC SCIENCE

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PREFACE.

THIS volume contains the substance of a course of five Lectures which I delivered last October, at the London School of Economics, on the Influence of Religious Conceptions upon the Historical Development of Economic Doctrines and Theories. I have been conscious throughout of my indebtedness to the erudite and suggestive work of Dr. Troeltsch, entitled *Die Soziallehren der christlichen Kirchen und Gruppen*. For the present I have endeavoured to concentrate attention on the history of Thought, but I hope to supplement the discussion at another time by dealing with the part played by Christianity in helping to form the modern conception of Social Duty.

W.C.

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I. INTRODUCTION.

Economic Science, as formulated by the classical writers of the nineteenth century, appears to be so far apart from Christianity that it is hardly worth while to consider their relations to each other. But after all, the human activities with which Economics deals, lie within the sphere of Christianity. Economic Science has grown up in Christian lands and could not escape the influence of its environment. The relations between religion and economics are well worth discussing even though they are somewhat obscure.

The problem of tracing the influences which have gone to shape current opinion on any subject must always be intricate, and the results of such an enquiry are not unlikely to prove inconclusive: there are, moreover, special difficulties in detecting the conditions which have contributed to the growth of Economic Science, since the points of contact with other human activities and interests are both numerous and diverse. Experience of external conditions on the one hand, and changes in mental habit on the other, have played a part in the development of Economic Science; and it is not easy to distinguish the relative importance of the two factors. A change of circumstances has often been the occasion of progress in knowledge; times of adversity have set men a-thinking as to the possibilities of doing better, while the prosperity of rivals has raised the question as to the best means of copying their success. There has also been progress in the art of learning from experience; unless changes in the power of interpreting it, and in habits of focussing it, are taken into account, any explanation of the progress of science will be very defective. The decline of the intense civic patriotism of the

Middle Ages, and the free field which has been left for individualism in modern times, have made an extraordinary difference in the treatment of economic questions.

However careful we may be, in our analysis of the factors that have contributed to the formation of opinion and the formulating of thought, we can never feel that we have probed the matter to the bottom, and reached bed-rock on which our conclusions can be firmly based. We cannot fail to recognise the enormous influence exercised by some one man, such as John Locke or Adam Smith; but this is only to throw the difficulty back into a more obscure region; for the question as to the manner in which personal opinions have been moulded can never be exhaustively treated. Each of us may know, in considering the development of his own mental life, of influences which were very potent, though they have left no outward mark; while conditions, of which we are unconscious, have also helped to form the atmosphere in which we habitually live. The student may be able, from the materials before him, to put together a connected story to which no exception can be taken; but there is no means of verifying his conclusions, and of being sure that the analysis is correct and that nothing of importance has been overlooked. The evidence is necessarily incomplete, and we can only do our best with the materials before us.

Under these circumstances it might seem almost hopeless to attempt to enquire into the manner in which religious conceptions have affected the development of economic doctrines and theories. Christianity has undoubtedly been a powerful influence, which has brought about the enlarging of economic experience as well as the modifying of habits of thought. A religious movement led to the expansion of commerce at the time of the

Crusades, and religious history in modern times offers a parallel to the individualism which has dominated economic thought; but can we hope to specify the precise importance which ought to be ascribed to this factor? Religion, as a spiritual element, seems to be so elusive that we can hardly work it into its proper place in a chain of cause and effect; it can only be observed in conjunction with other elements, and we cannot separate it so as to treat it by itself. We may think we can note occasional instances of actions, or of personal habits of conduct, which could not be accounted for without referring them to Christian motives; but the question is not restricted to exceptional incidents, it is concerned with the ordinary habits of society. We wish to discriminate the elements in current thought on economic subjects which are Christian in origin, even if they have entirely ceased to be consciously religious.

The problem may, however, be re-stated in a form in which it presents less difficulty, by setting ourselves to compare and contrast social phenomena at two different periods. During the Middle Ages, human activities and intercourse were dominated by religion, while in modern times political and economic life has been secularised. By comparing Mediæval Christendom with society in the present day, we have a method of estimating religious influence on modern economic thought, and one that is very suggestive and not altogether unreliable. We may see, on the one hand, how the gradual withdrawal of certain human activities from conscious reference to religious duty has helped to define the scope of Economic Science; and on the other we may note the survival or reappearance of habits of thought which were widely diffused throughout the Middle Ages, and which are still current to some extent, though they are not quite congruent with

our ordinary ways of thinking in modern times. The contrast between the past and the present helps us to detect and to gauge the influence on modern economic doctrine which may be fairly ascribed to Christianity.

The contrast between the mediæval and the modern, on the intellectual side, may be summed up by saying that mediæval thought was religious, while modern thought is scientific. The distinction, when stated in this bald and unqualified fashion, is one to which many people might take exception; some are inclined to disparage the religion which was current in the Middle Ages as superstitious, while others might question the claims of present day opinion, which is so easily carried away by sciolists and charlatans, to be in any real sense scientific. But even though platform oratory may abound in hasty generalisations and many other faults of reasoning, it professes to take a scientific basis of fact and to be scientific. In the same way, scholasticism may be despised as barren; the grossness and cruelty of mediæval life may be denounced as a scandal to religion, and the modes of worship may be condemned as sensuous, but the men of the Middle Ages were religious in their habits of mind. Science starts from particular facts and groups them and generalises from them, but religion starts from the Universal,—the thought of God; science is content to discuss the relations of particular phenomena to one another, while mediæval thought, on all matters of human conduct, was so formulated as never to leave the relation of man to the Will of God out of sight. All the institutions of the Middle Ages,—political, social, and economic,—were permeated with religious habits and exerted authority under religious sanctions, because they were consciously referred to the Will of God, or to the authorities who were believed to represent Him

on earth and by whom the Divine Will was brought to bear among men; all aspects of life were discussed in terms of duty. Our whole habit of mind in modern times is different; the method of procedure is scientific; we begin with the particular facts,—as to the quotations of prices in the markets, the conditions of production and the prospects of trade. We build up our doctrines from this basis of fact, and form generalisations which hold good more or less widely in space or time; but we rarely, if ever, reach a principle that can claim to hold good universally, at all times and in all circumstances.

This difference in the intellectual standpoint accounts for the mental attitude of men in the Middle Ages in regard to many practical matters; they accepted and valued institutions for forming human character aright. We all recognise that the surroundings in which a man is brought up,—the school and university to which he goes, all the conditions of the life around him and the institutions of the country in which he lives,—do a great deal to form his character. Institutions count for so much, and they mark the deep differences between one nation and another; Godwin and others have held that the evil in the world was mostly due to the depraving effect of bad institutions. There is much to be said for the view that it is of supreme importance to maintain and strengthen institutions; but after all, the morality of those who merely conform to the environment in which they live is somewhat shallow. There is more depth in the character of the man whose habits of conduct are the outcome of his own experience and his own determination; in modern times we desire that the individual should have free play to realise the best that is in him. All the questions as to the relation of the individual to society were set in a different light in the Middle Ages from that in which we view them to-day.

There is another important point which arises in connection with the highly religious character of mediæval thought; the men of these ages always kept before them the thought of a world to come as the ultimate object of human endeavour. S. Augustine rejoiced to recognise that a City of God was rising on the ruins of the pagan world, and Aquinas delineated the lines on which it was framed; but neither of them would have thought of any earthly community as fulfilling their ideal for man. They looked on the Christian Polity, with all its institutions, as the divinely instituted means of preparing men for the world to come; the mundane sphere was not regarded as a place for happiness, but for discipline. The conception of a Utopia established on earth is not mediæval; as Troeltsch points out in his monumental work, it is humanistic, and dates from the Renascence.[1] The interpretation of the Kingdom of God as an earthly Utopia differentiates modern Christian Socialists from the writers on Economics in the Middle Ages; the mediæval thinkers never looked for a perfect mundane Society, and many of them withdrew from the world; while Socialists speak as if the chief duty of Christianity was to introduce universal happiness here and now.

It is important to keep the broad contrast between the mediæval and the modern clearly in mind; if we allow it to drop out of sight we are in danger of falling into anachronism and misinterpreting the past. To take account of the extraordinary changes, which have occurred in the conditions of life, is far easier than to reckon the allowance that must be made for a revolution in the conscious life of the people. The picture of the extraordinary discomfort, in which people lived, strikes the imagination; and the poor must have been destitute of much that

1. Troeltsch. *Die Soziallehren*, 331, 421.

we should regard as necessary for decent life. We readily recognise the marvel of the achievements of the men of the Middle Ages, when we recall the limitation of their power of overcoming mechanical difficulties, and the lack of facilities for travelling before the era of invention. But it is very difficult for us to think ourselves into the thoughts and to understand the motives and aspirations which influenced the men of bygone times. The *Articles* in which the commons of Lincolnshire and Yorkshire formulated their demands in 1536,[1] and the grievances which the men of Devon and Cornwall put forth as the ground of their rebellion in 1549, are curiously unlike any cry that would rouse an agitation in the rural districts to-day.[2] We cannot appreciate the causes which were at work in shaping the course of history, if we are content to look at these occurrences in the light of our own experience of popular feeling in modern times.

This is not merely a matter which concerns the historical student, it is of considerable importance in regard to practical affairs as well. The Middle Ages have passed away; but they have left their mark for good or for evil on succeeding generations; it is necessary that we should consider what this surviving influence is worth for our day. Over some minds the mediæval exercises a strange fascination, and they are ready to idealise it; while others think of the survivals as rubbish which might have been wisely swept away with the rest of bygone habits and usages. There is need of careful criticism to clear our minds; we are apt to accept traditional sentiments, which are deeply rooted in popular thought, as if they were axiomatic; they have come down to us and we take them for granted without asking on what basis they rest, or consider-

1. Rose-Troup. *The Western Rebellion of 1549*, 10.
2. *Ib.*, 126.

ing whether they are so far consistent with the other principles we accept as to form a coherent whole. We cannot find any definite guidance in economic doctrines to-day, unless we are sure that the principles on which they are founded are self-consistent. We are bound to consider how far any traditional sentiment or rule can justify itself, either because it makes for clear thinking, or because it is of real service in dealing with practical affairs. Modern calculations about the mechanism of society are not in the same plane as mediæval discussions of honesty in secular callings; it is right that considerations of duty should control the working of the social machine and direct it; but when they are introduced haphazard and arbitrarily, they may only put it out of gearing.

II. ORDER AND PROGRESS.

"THE earth is the Lord's and the fulness thereof" was the fundamental principle of mediæval economics as well as mediæval politics. Civil authority was thought of as given by God; no human being could have a right to demand obedience from another because he chose to do so, though he might have the power to enforce it. His rightful authority over others was due to his official character as a magistrate ordained of God to bear the sword and execute the divine Will. The principles of the direct responsibility of the Prince to God, and of divine authority to demand obedience, continued to be widely recognised in the seventeenth century; and during the same period the sense of direct responsibility to God, for the use we make of the things He has created, was still kept clearly in view. An early writer on Vegetarianism urges that by the divine grant to Adam in Paradise, permission was given to man to use the animal creation, and to have dominion over it, but argues that this does not include any right to slay and eat. He contends that to use animals for food was an unwarrantable extension of the divine grant, and asks triumphantly what the owner would say if he found that a friend, to whom he had lent his horse for a ride, had felt at liberty not only to ride the horse but to eat him as well. The belief that God is the one supreme owner underlies the mediæval treatment of all questions as to the use to be made of goods, and as to the right to appropriate and claim exclusive use. The religious explanation of the grounds on which the human claim to use natural gifts was based, was of predominant interest from the practical side. Consumption was the aspect of economic life which

attracted most attention; when the means of communication were bad, each town or village had to depend on its own resources for the necessities of life. The chief practical problem was that of making the food supply last till the next harvest; there were no means available for doing much to increase the quantities produced; these depended almost entirely on the character of the seasons and other natural conditions; human intelligence was only concerned in regulating consumption wisely; and this was the chief practical problem in mediæval economics.

The belief that God was the supreme owner, and had created earthly things for the good of the race as a whole, might have easily been interpreted as giving a religious sanction to communism; and it has been so interpreted by various sects from time to time; but this was never the generally accepted doctrine. Utilitarian considerations were brought forward to justify the recognition of private property as an institution which tended to the advantage of the community as a whole. On the one hand, as Aquinas pointed out,[1] goods are likely to be better cared for and more wisely used if they are regarded as private possessions instead of being held in common; agricultural improvers at many times have argued that experience confirmed this opinion as to the neglect and loss which arose in connection with common wastes. He also maintained that the assignment of property in private hands tends to the good order of Society, as each man knows what is his and can refrain from encroaching on his neighbour: while it was also alleged that there was much less excuse for quarrelling when public opinion secured individuals in the enjoyment of their possessions. On these grounds the institution of private property was regarded as

1. *Summa* 2^a, 2^{ae}, *q.* 66, *art.* 2.

in complete accordance with the Divine government of the world. Those who feared the temptations of wealth were able to renounce it and seek the seclusion of a cloister; but, for those who remained in the world, it sufficed to ask the legal question as to the title by which they held it, and as to the manner in which they discharged the military and other obligations which attached to it. Mediæval writers had no means of discussing or defending the actual distribution of property, whether it was held collectively or by individuals personally; when the question was vigorously raised in the later Middle Ages, it almost inevitably took the form of an attack on the authorities of Christendom for lending their sanction to existing conditions.

Since the Reformation the sense of personal responsibility has been quickened,[1] and we are no longer satisfied to take this principle of authoritative assignment and legal title as ultimate; the question is frequently raised as to the manner in which property is used. We are inclined to apply the utilitarian principle, which Aquinas employed to justify the existence of private property as an institution, to test the claims of particular proprietors. Our view of the good of the community is not confined exclusively to considerations of order, it also demands that scope shall be left for the possibility of progress. In new countries it is easy to arrange that the two conceptions shall be combined; the settler has land assigned him, not absolutely, but subject to the condition that he turns it to profitable use. The right to exclusive possession does not rest solely on authoritative assignment, but the owner has to justify his claims by the use he makes of his property. In old countries, however, the two conceptions of the good of the community may come into conflict. The demand of the progressives,—

1. B. S. Phillpotts. *Kindred and Clan*, 83, 129.

that it is right that natural resources should be held by those who can make most use of them,—is inconsistent with the view of those who feel that it is right that the traditional order should be maintained. Neither in mediæval nor in modern times is the absolute right of particular proprietors seriously urged; the institution of private property does not rest either on a divine *fiat*, or on a clear natural right; it rests on utilitarian considerations, and these will wear a different aspect according as the main need of any community is the maintenance of order, or the opening of facilities for progress.

As we look back on some of the most disturbed periods of English history we see how these two principles were in conflict; the progressive sense of what was right had hardly been consciously formulated; but it exercised a decided influence on the conduct of the authorities, and helps us to understand the ground of their action. Many points have been cleared up in recent years in regard to the history of the enclosures in the fifteenth and sixteenth centuries. Mrs. Knowles[1] and Mr. Tawney have given ample evidence to show that while there was a great expansion of sheep-farming during this period, there was also a steady movement for the introduction of agricultural improvement which involved the abandonment of traditional methods of land management, and the breaking up of common fields and common waste so that they might be used in severalty. The Crown and parliament were by no means disposed to let things take their own course; it was long before the days of *laissez faire*, and there was every readiness to interfere in economic matters. As Mr. Tawney[2] says of these times, "Public opinion still clings to

1. Cf. Cunningham. *Growth of English Industry and Commerce*, 5th ed. 1910, §§ 119, 150, 151, 152.
2. R. H. Tawney. *Agrarian Problem in the XVI Century*, 307.

the conception that there is a standard of fairness in economic dealings which exists independently of the impersonal movements of the markets, which honest men can discover, if they please, and which it is a matter of conscience for public authorities to enforce." Nor do the political powers appear to have yielded to the temptation to take the course which was approved by the wealthy and prosperous, and to have neglected the interests of humble folk. Many attempts were made, both by direct legislation and by the imposition of preferential duties, to check the movement for forming large sheep-farms; these might be profitable to private persons but they were not in the interests of the community, as the land, when devoted to husbandry, provided employment for a larger population, and could be made to raise a larger supply of food. On the other hand, there were a large number of the old-fashioned farmers who were using the land merely for subsistence farming, and not endeavouring to grow corn to supply the markets. Much sympathy might be felt for those who were carrying on traditional methods and could not, or at any rate did not, adapt themselves to the practice of convertible husbandry and the improved methods of tillage; and while an attempt was made to secure them in their legal rights, parliament made no proposal to confer on them any additional security, as they were not making the most of the land in the interest of the community, and were proving an obstacle to agricultural improvement. Naturally enough public opinion was sharply divided at the time; More and Latimer and many others can be quoted as believing that it was *right* that the traditional order should be maintained, while others held strongly that it was *right* that scope should be given for agricultural improvement, so that the land should be applied to the best purpose and made the most of in the public interest.

The contact of progressive societies with primitive peoples has given rise to similar difficulties in modern times; the encroachment of one people on the territory of another is no longer so indefensible as it was in mediæval times. A cloak was needed then for territorial aggression, though the allegations of hereditary title which sufficed, were sometimes very shadowy. Dante treats the border raids of the English and the Scots as inexcusable disturbances roused by men who were 'impatient of their bounds.'[1] There was probably little difference in the use made of the land whether it was held by one side or the other, and none but themselves were affected; with modern means of communication, however, the world as a whole is concerned in the use made of any part of it. There is loss to the whole if large tracts of territory are allowed to remain as unreclaimed wilderness, where primitive men hunt or graze their cattle, and cultivate crops for their own subsistence, instead of being occupied by a progressive race who are able to make the most of all natural resources. Those who open up a country so that its products are available for distant peoples render a service to the world as a whole. Whatever sympathy we may have with those who only ask to be left alone, and to be allowed to carry on their traditional habits of life on land they have traditionally occupied, it is difficult to see on what grounds they can be protected in a wasteful use of the soil permanently, while others are ready to introduce more intensive agricultural production or to develop industrial occupations. According to the modern sense of what is good for the world as a whole, it is right that lands should be controlled and used by those who can make the most of them, and it is difficult to see how any barrier is to be built up which will prevent such encroachment. The

1. Dante, *Par.* xix, 121.

modern view explains the principle on which men habitually act in the present day and are likely to act; the mediæval view cannot be brought to bear to govern action, though it may remind us of ideals we ought to cherish, and set us a-thinking of corrections to the dominant tendency which ought to be introduced. Thinking clearly is essential in the first instance, if we are to do our social duties effectively; to formulate scientific principles as to what is likely to happen in progressive societies is necessary in order to enable us to anticipate mischief that may arise, and to modify the operations that produce it. Practical men are not prepared to respect the claims of the traditional occupants to the exclusive use of resources which they are unable to put to the best purpose for the common good of mankind. The best hope of a solution of this difficult problem lies, not in erecting an artificial and permanent obstacle against the advance of progressive societies, but in maintaining temporary conditions which afford to primitive peoples time and opportunity to adapt themselves so as to find a place in a progressive society. There is much to be said for the policy of establishing reservations of territory in which the native races may follow their own habits of life, while care is taken to enable them to adapt themselves to the usages of the society which has surrounded and is destined to absorb them.

The end in view,—the good of the community—is differently conceived in stationary and in progressive communities, and therefore there must be distinct and possibly conflicting opinions as to what ought to be done; there is no absolute standard by which the good of the community at all times and in all places can be gauged. It is also true that the methods of study, which are appropriate to the phenomena of a stable society, are not the most convenient instruments to employ when we come

to observe progressive societies. The process of economic life involves the three factors of production, consumption and exchange. All are necessary elements in any society where money economy is a prevailing characteristic, and none of them can be left out of account; but they do not each afford an equally convenient vantage ground for viewing the phenomena in their mutual relations. Where human powers of overcoming nature are hardly developed there is little to be gained by concentrating attention on the conditions of production; but it is the characteristic feature of progressive societies that human powers of controlling natural forces and directing them by mechanical means have such enormous importance both in agriculture and industry. Publicists in progressive countries, during the last three hundred years, have viewed economic questions from the point of view of production rather than from that of consumption; both under the Mercantile System, and under the regime of *laissez faire*, this was the topic which received the largest share of attention. There must, of course, be a forecast as to the probable effects on the consuming public of any change, but it is the producer who initiates the actual change itself. He endeavours to create a further demand by supplying goods on better terms; and by the organization of business, or by the introduction of machinery which enables the consumers to be better served, the producer takes the risks and acts. By looking at economic phenomena from the point of view of the producer we are in the best position for understanding the reasons of any change and the manner in which it operated; we can get an inside view of the situation.

In recent times, however, there has been a reaction; a new school of economists has arisen, both in Austria, France and England, who are inclined to revert to the mediæval standpoint, and to put con-

sumption in the forefront. There is much to be said for the proposal to recast Economic Science on these lines; consumption is the final end for which all production is undertaken, and it seems wise to keep this final end constantly before us. In dealing with consumption too, we are fixing our attention on something that concerns the whole human race and every member of it. The powers of production and the interests of different individuals and different classes of society are quite distinct; they are separate and may easily conflict; but in human needs there is something that is common to all mankind, and this opens up the prospect of formulating a science with laws and maxims of universal validity for all times and places. There has been a further and a practical reason for this reversion; since the era of mechanical invention and the introduction of giant industry, it has seemed as if there were a constant danger of overproduction, while on the other hand there are masses of the population who habitually suffer from the direst want, and live in most miserable conditions. There is a general impression in the public mind that what we need in the present day is to fix our minds on the distribution of wealth, and not to trouble ourselves further about production at all. In regard to this last point, however, it is worth while to notice that there is no difference of opinion as to the pressing nature of the problem and the importance of dealing with it effectively; the real question is as to the best method of approaching it. From the standpoint of the consumer there is only one thing that matters—that goods should be cheap; and suggestions for attaining this object are so general that they are apt to be rather superficial. We may go into the matter much more thoroughly from the standpoint of the producer, since we may consider in what practical ways the conditions of the work of manual labourers can be improved and how

their remuneration can be rendered more adequate. Such definite proposals as that of enforcing a minimum rate of wages are directly connected with the consideration of production, and we need to see how they would work out practically in different trades. All the improvements in the conditions of work, such as the Factory Acts, which were embodied in legislation during the nineteenth century, were enforced upon the producers and had no obvious connection with consumption at all. In order to deal effectively with any such problem we must endeavour to understand it as well as we can. Dr. Whewell[1] laid great stress on the importance of appropriate conceptions for the grouping and interpretation of facts; this is not merely a matter of convenience, but a condition for thinking clearly, and systematically; and production is the most appropriate conception under which the economic phenomena of progressive societies can be arranged.

Plausible though the proposal may be to revert to the mediæval standpoint and to look at life from the point of view of consumption it is merely specious; its boasted universality is illusory. Consumption concentrates attention on the present, and takes little account of the future; in mediæval conditions this was natural enough, because men could not look beyond the next harvest. But in progressive societies all is changed; we can take account of the conditions of production for some little time ahead, in industrial pursuits. The producer is always endeavouring to forecast the future and to adjust his operations to the conditions he foresees. The economist who starts from the standpoint of consumption is tempted to concentrate attention on the goods which have actually been produced and of neglecting to take systematic account of the future at all; there is a danger of

1. *Philosophy of the Inductive Sciences*, i, 42.

shortsightedness and it is not easy to suggest a corrective.

But more than this; the consideration of production does much to help us to find effective suggestions for practical improvement, while any proposal for the regulation of consumption presents grave difficulties and does not afford commensurate results. Sumptuary laws have been a favourite expedient in many eras, but they do not seem to have been very successful in checking extravagance in dress or in retinues. The institution of Fish Days[1] may have done something to encourage the seafaring population and the Acts for burying in woollen may have benefited the clothiers; but it seems to have been a cumbrous method of pursuing the object in view, and to have involved somewhat inquisitorial proceedings. The prohibition of the consumption of British goods on the Continent proved an effective weapon in Napoleon's hands for attacking English prosperity, but it recoiled so strikingly on the countries from which he drew his resources that he did not benefit much by using it. There is far more hope of effecting the objects we desire and of avoiding incidental loss if we try to regulate the conditions of production, than if we begin at the other end and try to enforce rules for consumption.

Mediæval life had many religious features which the secularised society of modern times has discarded; religious motives and religious sanctions are no longer so much in evidence; but mediæval thought on economic subjects was not on such a different plane from modern science that we need have any difficulty in comparing them. The principles which were laid down for secular affairs were believed to be consonant with the Divine Will, but they had no claim to be parts of revealed truth; they

1. 2 and 3 Ed. VI, c. 19.

were based on experience and on utilitarian considerations; much of the argument on particular points was directly drawn from Aristotle and other non-Christian writers; there was no pretension to lay down absolute standards of right, though much ingenuity was devoted to detecting the elements of unfairness that might lurk in business transactions. In spite of the strong contrasts, the attempt to compare mediæval and modern thinking on economic subjects is very instructive. Modern society has so far outlived the mediæval that we cannot but look with suspicion on any deliberate attempt to return to it. By starting with the universal—whether it is thought of as the Divine Will for Man or as the common needs of the race—we fail to reach a position from which we can see clearly the interplay of various particular factors in economic prosperity; we are in danger of being neglectful of the future of the country or of the race, and we are tempted to rely on remedies for existing evil which have been proved to be cumbrous and ineffective.

III. WORK AND THE MAINTENANCE OF LABOUR.

THE monastery was a characteristic institution of the Middle Ages, and it affords an excellent illustration of a type of economic organization which was once very widely diffused and continued to flourish for centuries. In the Dark Ages, when trade was nearly extinct and towns hardly existed, it was inevitable that each of the centres of settled life throughout the country should be, so far as possible, self-sufficing, and able to provide itself habitually with the main requisites of life. The prosperity of scattered households, and of the villages where collective cultivation was carried on and the waste was used in common, depended on their being able to provide themselves with shelter, clothing and implements, as well as with food. The division of labour could not be carried far among men who were not working for a market; but there was need for many different kinds of labour, and it was necessary that they should be organised so as to coöperate to the best advantage. The various arts of life were all represented in well-organised households; the economic problems which had to be faced were those of domestic management—of housewifery and husbandry. The monasteries outlived the time when this type of economic organisation was the most advanced that suited the environment, but they help us to appreciate how much it could accomplish at its best.

We are not left to judge of this from the opinion of contemporaries, who might easily have exaggerated achievements with which they had little to compare, since we can see for ourselves. The ruins of monastic building which remain are sufficient to

prove on what a large scale these communities were organised, and to convince us of the magnificence of the architectural works which the monks designed and executed. These are the crowning proofs of the prosperity of their economic life, and this depended on their success in organising labour of every kind. The story of the first settlements of the monks of the West gives the earliest indications of any reconstruction of civilised life after the terrible devastations which followed the barbarian invasions and the break up of the Roman Empire. It seemed as if fertile territory was relapsing into mere jungle under the rule of conquerors, who were too proud to work, and who were always ready to quarrel on the smallest provocation.[1] The monks were the pioneers in winning back the soil of Western Europe from savagery and barbarism, and they showed a wonderful constructive power in planting centres of orderly and settled life in a state of chaos. They were able to preserve and to disseminate the Roman traditions as to the management of land. We know that Gregory the Great was keenly interested in seeing that the cultivation and the cattle-breeding on the large papal estates in Sicily was properly attended to by his agents; his letters show that he was determined to secure efficient administration;[2] and the monks whom he sent out were doubtless prepared to maintain themselves as colonists while they were carrying on missionary work among the English. It is not possible to say how much of the agricultural practice and how many of the variety of fruit trees and of breeds of cattle which existed in mediæval England, were introduced in the time of the Roman occupation, and what was due to the monks who preserved and disseminated the tradition of Roman skill.

1. Montalembert. *Monks of the West*, ii, 314.
2. Cunnningham. *op. cit.*, i, 238 *n.*

There was also a demand at monasteries for the best that the Age could furnish in connection with the building and furnishing of churches; workers in stone and wood, silversmiths, bell founders and makers of glass all found scope for the exercise of their powers in providing for the carrying on of the services. The legend of S. Dunstan helps to remind us what a large part manual occupations played in the life of the most eminent monks of his time. The royal goldsmith, S. Eloy, created a remarkable industrial community of five hundred members in the monastery he founded at Solignac in 631,[1] and at the close of the eleventh century the monastery of Hirschau was generally recognised as a great example of the successful organisation of industrial activities.[2] There were many other centres where building operations were going on almost continually so that they became centres of a tradition of skill in masonry and kindred arts.

When order came to be so far restored over considerable areas that intercommunication between distant places was more possible, trade not unnaturally centred at points where productive industry was highly developed, and the monasteries began to enjoy facilities for commerce. There seems in retrospect little to choose, between the paganism of the Danes and Norsemen and the nominal Christianity of the Frankish kings; but while the Danes continued to plunder and burn, the Merovingians and Carlovingians exercised a civilising influence, because they encouraged the foundation of monastic settlements, both by endowing them with lands and by granting them trading privileges; the new opportunities which were thus opened up tended to change the character of monastic life. In so far as it was practicable to purchase goods, it was doubt-

1. *Vita S. Eligii*, I, cc. xv, xvi in Migne, lxxxvii, col. 493.
2. Christmann. *Geschichte des Klosters Hirschau*, 58.

less advantageous to have access to supplies in larger quantities or of better quality than could be produced on the spot; but as the monastery ceased to be a self-sufficing community, its prosperity no longer depended solely and entirely on the local organisation of labour. There was an increase in the commodities available, and there was more opportunity for the division of labour; the monks were able to leave the agricultural work to servile or semi-servile dependents, while other branches of manual labour were for the most part carried on by lay brothers; the monks came to devote themselves more and more to transcribing and to literary and artistic work, and ordinary manual occupations ceased to have an essential place in the daily life of the monks. In the eleventh century many of the great Benedictine monasteries had ceased to exhibit a self-sufficing life withdrawn from the world, since they had become the nuclei round which busy mercantile communities had grown up; these wealthy oligarchies were able to dominate the rest of the townsmen, but had little share in their responsibilities. Still, the old ideal retained its vitality; the foundation of the reformed Orders was an attempt to return to the primitive character of economic life, and the Cistercians in particular were eager to restore labour to its old place as as essential feature in monastic life.

The founding of the reformed Orders was a public recognition of the fact that the monasteries had lost much of their first fervour; their very prosperity had spoiled them. The fears that Wesley entertained with regard to an inevitable decadence among his followers in the personal religious life, had been justified long before, by experience as to the collective religious life of many of the Benedictine houses. "Religion," he said,[1] "must necessarily produce both industry and frugality, and these cannot but

1. Southey's *Life*, ii, 522.

produce riches. But as riches increase, so will pride, anger, and love of the world in all its branches. How then is it possible that Methodism, that is, a religion of the heart, though it flourishes now like a green bay tree, should continue in this state? For the Methodists in every place grow diligent and frugal, consequently they increase in goods. Hence they proportionately increase in pride, in anger, in the lust of the flesh, the desire of the eyes and the pride of life." The very success of the monasteries as centres of organised economic life, was prejudicial to their religious tone and influence.

In spite of this spiritual decadence, and of the grave scandals which were often associated with monastic life, both in early times and in the later Middle Ages, the institution was dominated by definitely religious thought. The persistent vitality of the monastic ideal of life, in spite of the actual failure to realise it and of recurring scandals, is even more remarkable than the long-continued prosperity of these houses as centres of economic organisation. This ideal remained as an attractive spiritual force for centuries; not only did it inspire the eleventh century movement for reform, but it appealed strongly both to Savonarola and to Luther, as a young man, though he lived to discard it. Whatever blots and blemishes may have attached to them, the monasteries continued to be institutions which embodied Christian ideas of economic life; they present us with a picture of industry organised on a religious basis. We need not puzzle ourselves by trying to deduce, from the Sermon on the Mount, the features of a Christian society struggling in the world, since we can study the details of an industrial society, permeated with religious sentiment and designed to express Christian principles, as it is pictured for us throughout long centuries of monastic life.

The monastery was an industrial organisation and

is specially fitted to bring out the importance assigned to Work as an essential element in the religious life. S. Augustine had insisted on it strongly in his book *de opere monachorum*, and exposed the sophistry of those monks who gave a non-natural interpretation to S. Paul's words, "if any man will not work neither shall he eat."[1] But the Benedictine Rule, which was frequently recited by the brethren, is even more explicit on the duty of work; and the hours of labour, at different periods of the year, are carefully specified.[2] Insistence on work as a Christian duty rests on two distinct principles, one of which has reference to God, and one to man.[3] From the one side, work was regarded as the means of giving effect to God's purpose in creating and ruling the world. The Creator was thought of as the Supreme Worker, who had provided all the material and all the conditions under which men work; but man's work was needed in successive generations to bring the divine purpose to full fruition. In the early chapters of Genesis Adam is represented as placed in the garden of Eden to carry out the divine purpose by using natural things for the service of man; and in the new dispensation Christ claims for Himself a part in the divine working—"My Father worketh hitherto and I work." There is an inspiration in the thought of divine activity which contrasts strikingly with the Oriental conception of the Deity as living apart from the struggles of human life, and uninterested in them. Human work of every sort may be regarded, from a Christian standpoint, as the privilege of sharing with God in His work of carrying out His purpose for Man; there is no other point of view from which the dignity of work is so fully recognised.

1. Migne, *xl*, col. 549. 2. *Regula.* Migne, *lxvi*, col. 703.
3. Cunningham. *Gospel of Work.*

The duty of work has another aspect, however, for it may be regarded from the side of Man as affording opportunities of self-discipline. Christianity teaches that idleness is a sin; it is a form of self indulgence which prepares the way for many temptations to vice; and therefore work was valued as a means of keeping men occupied and well employed so that they were less likely to drift into evil. While the theological principle accentuates the privilege of being called to work, the ascetic principle insists on the duty of work as a means of escaping temptations, since it checks the baser elements in human nature and gives opportunities of learning self-control.

The Christian ideal of a disciplined life of work was embodied in monastic institutions and was markedly different from the aims which have been generally favoured in the ancient world or in modern times. The ideal of cultured leisure, which appealed to the citizens of Greek cities, was definitely discarded by those who adopted the monastic life. They deliberately ceased to claim any sort of independence, and voluntarily undertook an obedience which was stricter than the most exacting master could demand of any slave. In all its external conditions their life was closely assimilated to that of slaves; the buildings in which they lived and worked resembled those of the Roman Villa with its *ergastula*; and the dress they wore was very similar to that which was provided for slaves. They voluntarily accepted conditions which appeared particularly despicable when tried by the standards that were accepted in the ancient world. Nor does the mediæval ideal commend itself to current opinion in the present day; the modern habit is to regard work as a form of drudgery which men are justified in trying to escape if they can. Our generation is apt to speak of work as if it were in itself an evil, to

which men could only be expected to submit because of the hope of reward; and attempts are made to find palliatives for work, or to render work more acceptable. Whatever pleasure and pride a man may take in his work, there are times when the drudgery and routine become oppressive; mediæval teachers regarded work as necessary and therefore as something that men ought to undertake; even though it was disagreeable, it was a duty that ought to be done and that served as a personal self-discipline.

The economic prosperity, which the monasteries attained and succeeded in maintaining for centuries, is all the more remarkable when we remember that they did not offer the personal incentives on which we rely to stimulate energy and enterprise. Each individual monk was vowed to poverty; he had no possessions of his own and could not look forward to receiving any profit from using them wisely. Technically the land of the monastery was held, as we see in *Domesday Book*, by the saint to whom the monastery was dedicated; and the ambitions of the brethren were impersonal, for the increase of the magnificence and prosperity of the house which was their home. The strong *esprit de corps* of such great Abbeys as Bury and Ramsey and Ely rendered them very jealous of one another, and the inmates of each were not unwilling to go through a good deal of privation in order to build up the dignity and reputation of the house in the future, and to excel the others. This corporate pride corresponded, in celibate communities, to the ambition to found a family even at considerable personal sacrifice, and to the sense of a duty to hand down the possessions of a family intact; in the monasteries, at all events, there was no scope for personal ambition. In a similar fashion it may be said that the reward for labour was impersonal; the monks

received food, shelter and clothing, whatever their work might be; and no attempt was made to distinguish one from another according to the result of his work; there was a common table and they fared alike. According to the Benedictine Rule two dishes, with salad or dessert in season, were to form the principal meal, and each monk was to be given a loaf of bread for the day; while meat and wine were to be allowed at the discretion of the abbot for those who required them, either because of the arduousness of their labours, or on account of physical infirmities.[1] The distinction was not made according to the value of the service rendered, but according to the need of the recipient; from this point of view the man who undertook most drudgery had a claim to indulgence, rather than the man whose employment involved most taste and skill. Partly because of this practice the individual artist had plenty of freedom to do his best in his own way; there was no need to make a contract or force him to work up to a given standard. He received the food that was going, and there was scope for the craftsman to follow his own ideas, instead of working out another man's design the cost of which has been calculated beforehand so that the work has to be executed as part of a contract.

During the early Middle Ages this principle, of paying the labourer according to his physical requirements, and not in accordance with the value of the results of his work, held good, not only within the monasteries but to a considerable extent in the world outside. The household was the ordinary unit of industrial organisation—either the great households of kings and bishops, or the innumerable manors which were scattered throughout the length and breadth of the country. Payment was made to quite a considerable extent in rations and in liveries,

1. *Regula.* Migne, *lxvi*, col. 613, 641.

and there were no means of making fine distinctions; some broad differences could be recognised, but there was very little grading in the ranks of labour. Even in the towns there were few changes in the demand for labour; household organisation lay at the basis of all domestic industry; a standard rate which was requisite for the maintenance of labour could be approximately settled, and there were no means of attempting to adjust it accurately to personal desert.

The main economic significance of the Black Death lies in the fact that it brings into prominence in England a new view of the principle on which the reward of labour should be reckoned. The conception which underlay the demands of the labourers in 1349 might be expressed in modern terms by saying that labour is a commodity, and that its price should be settled like that of other marketable commodities according to the supply and the demand. Owing to the effects of the pestilence, the supply of labour was very short after the middle of the fourteenth century while the demand was unprecedented; the labourers stood out for the full market rate, while parliament saw no reason why they should not continue to accept the rate which had sufficed for their maintenance before the Plague. The labourers were successful at the time, though it may be doubted whether the benefits which immediately accrued were of permanent advantage to the class. The principle on which they unconsciously took their stand in 1349 and 1350 has been generally adopted in modern times; and nineteenth century historians denounced the injustice of authorities who tried to maintain a definite standard rate, and not to pay in accordance with the condition of the labour market. Perhaps the last serious effort to maintain a standard rate which was much lower than the anticipated market rate, occurred after the great fire

of London, when there was an extraordinary activity in the building trades, and parliament intervened to prevent the artisans from insisting on excessive rates of payment.[1] Modern industrial life is dominated by the conception of a labour market; and it has become possible, not only to settle a rate for each of the different classes of employment, but to endeavour to pay to each man personally what his labour is worth in the market. The demand for the adjustment of individual reward to individual diligence and skill is extending in some directions, and the agricultural labourer is showing a preference for piece-work at harvest time as the method of remuneration by which he gets the most exact equivalent for what he has actually done. Indeed this view of the matter is assumed in all our social arrangements. The highly skilled man, and especially the man with great powers of organisation, is paid at rates which have no obvious relation to his requirements for maintenance. Our educational system has been devised and popularised with the view of fitting boys for something better than a life of mechanical drudgery, and enabling them to rise in the world and to obtain highly paid posts. The whole system of modern society rests upon the principle that a man should be paid according to what he is worth personally, in the labour market, and not merely in direct relation to his requirements for maintenance.

In recent times however, there has been a reaction; the market conditions may have given the fourteenth century labourers a dead lift upwards, but at the present time the removal of positive checks to the increase of population has brought about a state of affairs when there is a keen competition for employment in the lower grades of labour; modern conditions of contracting and subcontracting are favourable to the development of sweating, and

1. 19 Charles II, c. 3, §§ 16, 17.

there are numerous employments in which the market rate does not constitute a living wage. Under these circumstances there has been a reaction against the modern method of settling payments, and there is a widespread demand that the principle of providing the necessary requirements for life should be once more taken into account in determining rates of wages. This older principle had been abandoned as impracticable, and had been much overlooked in public discussions; but it has never been wholly forgotten. Mr. Whitbread advocated a minimum rate of wages for agricultural labourers in 1795,[1] and the cotton weavers looked to it as a remedy for the starvation rates they were forced to accept in 1813. The chief work of Trade Unions, since they became free to develop a policy, has been to struggle for the maintenance of the standard of life, and the principle of a minimum wage has obtained authoritative recognition in many quarters. The principle of relying on market rates is no longer regarded as satisfactory, and current opinion is revert to a position that is in much closer relation to the view which was dominant during the Middle Ages.

We ought to remember, however, that the difficulties of working out this conception in practical life in the present day are much greater than they could ever be in the Middle Ages, because social relationships are so much more complex. In a typical household, such as a monastery, all payments were made in kind, by allowances of food and clothing; money economy had not penetrated to the management of the internal affairs of the house; under these circumstances no question need have arisen about changes in the purchasing power of money. It appears to be generally agreed that the purchasing power of a labourer's wages has fallen about

1. *Parl. Hist.*, xxxii, 700.

10 per cent. or more during the last decade; it is a matter of great difficulty to calculate exactly what the exact change has been under slightly different conditions, and it seems to be almost an insuperable problem to devise any means by which the standard of life may be kept constant in spite of frequent fluctuations in the purchasing power of wages.

There is another complication of which account must be taken in modern times. In the mediæval monasteries there was practically only one standard of life; there was no grading of the various classes of labour. Even if it had arisen there was no temptation in a celibate community to perpetuate such distinctions. In modern times, where differences of personal ability are reflected in differences in the rate of reward, there come to be many different standards. Further, the opportunity for developing and indulging personal tastes and interests is much greater than it was in old days; there are fewer pageants and festivals that all enjoy together; and each man's standard of comfort includes personal indulgences that do not appeal to all alike. Few would be content to reckon food, shelter, and clothing as the only elements in their standard of life; some would add tea and tobacco, and some would wish to include a newspaper or a piano. Owing to differences of taste, the standard of comfort for a class is apt to be indefinite, while the problem of fixing the standard of any one grade of labour, relatively to other grades, is one which did not arise in monastic life, and which seems insuperable. There is a general impression abroad that some groups of labourers have been able to secure a rate of reward that seems to be unduly high when compared with that of other men on the same social level. A broad difference between the professional man, the skilled artisan and the unskilled labourer might be drawn; the length of time necessary for

training for different callings might give a basis for calculating what differences there were in the standard of life which it was right to recognise; but the minor differences of reward would not be so easily dealt with. The broad distinctions in the standard of life are not arbitrary, but depend on natural distinctions. The division of labour has gone a long way in modern society and is apt to give rise to differences of caste which could not appear in celibate communities; but since the division of labour renders the specialisation of functions possible, it is to the advantage of the community as a whole, and is not likely to be discarded. The surgeon who is well trained and has long experience is likely to be a better surgeon, and the ploughman who is habituated to ploughing is likely to be good at his business; there would be no advantage in setting anyone to pursue these two avocations alternately. If the principle of division of labour is once admitted for individuals, it is not clear that it is right to aim at giving the same reward to each; and it is difficult to devise any scheme by which the children of each shall start life with equal opportunities.

Perhaps the greatest difficulty in modern society is due to the large number of unemployed; and there is at least a serious risk that if a standard rate were fixed, there might be a tendency to add to the numbers of those who could find no employment. Unless the standard rate is to be in part an allowance to supplement wages, the question must arise in regard to those who, either from their misfortune or their fault, are quite inefficient, and are not worth the standard rate. They cannot by their work contribute anything of a value equivalent to the payment required to give them adequate means of livelihood. There will be a tendency to leave them altogether without employment; or else they must

be maintained in some way out of charity, and not as self-dependent members of the community. These considerations are alleged, not from any desire to show that the principle of a living wage is unsound, but because it is important that we should have our eyes open to the nature of the difficulties which have to be faced if it is to be adopted as the basis of industrial remuneration in the complicated conditions of modern society.

Monastic life was a Christian Communism, and the remarkable prosperity which it maintained, for something like a thousand years, is at least a proof that communism, when attempted under favourable conditions and on sound lines, is not necessarily such a failure as the history of recent experiments might lead us to suppose. The conditions of economic life in the Dark Ages were favourable to the experiment, nothing more elaborate than household management could be attempted; and the difficulties which arise in regulating the economic life of a large community, such as a city or a nation, did not need to be faced. In the fourteenth century, when money economy was coming very generally into vogue and society was entering on a progressive stage, the monasteries were quite unable to keep their place as models of industrial organisation or to adapt themselves so as to hold their own in the new conditions.

Not only the external conditions of the times but the spirit of monastic life had been favourable to the success of these experiments in Communism. On the one hand the corporate spirit was exceedingly strong, and impersonal ambitions for the future of the house were powerful motives; the danger, attendant on any economic systems which are concentrated on the consideration of immediate consumption, were minimised by this desire to maintain the dignity of the house. The fact that the

monks were vowed to prompt obedience is also an important point; the difficulties which arise in modern socialistic systems, of deciding to whom the distasteful work, which is necessary for the welfare of the community, is to be assigned, and how anyone is to be compelled to do it, were hardly likely to be felt when there was one master whose authority it was not possible to dispute. It is not easy to see how any personal incentives can be devised in modern times which would be effective for maintaining the industrial discipline that was practicable in monasteries.

The prosperity of Christian Communism in an unprogressive society does not after all give much encouragement to those who may be trying to organise communistic societies in the progressive conditions of the modern world. But it remains as a standing witness to the effectiveness of spiritual influences in the affairs of secular life. The principles, as to the duty of work and the maintenance of labour, on which these industrial organisations were founded, were strictly religious in origin and were in conflict with the maxims and habits which had been inherited from the ancient civilisation. They completely justified themselves by their success; and their influence extended beyond the monastic walls to permeate the ordinary practice in the households of lay magnates and in the regulations of the towns. The teaching of S. Augustine and of the Benedictine Rule was a leaven which worked gradually; it eventually created a great polity in which Christian principles moulded all economic relations. The monks did not succeed in setting forth a perfect picture of the life of a Christian society, as our Lord gave a perfect model for the personal Christian life; but they founded institutions which were dominated by Christian habits of thought and set forth Christian economics

in action. In one generation after another they took hold of men who were far from being saints, and moulded them by subjection to a Christian discipline. The influence they exercised on the outside world and their long continued prosperity are pledges of the effectiveness of spiritual forces, and may encourage us to cherish hopes of the regeneration of society that may be accomplished if spiritual influences are systematically and wisely brought to bear on the complicated problems of our own day.

IV. THE CITY AND THE NATION AS ECONOMIC UNITS.

Vestiges of the wealth in mediæval cities are striking evidence of their former prosperity, and their history has much to tell us of the inspiring force of civic patriotism. In the later Middle Ages, when the monasteries were ceasing to be economically at their best, there was an extraordinary development of urban life and municipal institutions; the growth of trade, which was undermining the prosperity of the monasteries as self-sufficing centres of industrial life, afforded the conditions under which towns could spring up and flourish. The characteristic difference between these two types of economic organisation is shown in the architectural arrangements; while the cloister was the centre of monastic life, the activities of the town were ranged round an open market place.

Wherever there is a social group, be it large or be it small, in which the industrial activities and facilities for trade are consciously regulated so that they may conduce to the prosperity of the community as a whole, that social group may be called an economic organism; such social structures are distinguished from one another by the area they control, and their method of framing and enforcing their regulations; and they can be conveniently spoken of as units of economic organisation. The monastery was such a unit; however diverse the occupations might be, no individual was working on his own account but was consciously contributing to the maintenance of the little community; the effective desire to increase its prosperity was keenly felt. The internal economy of the religious house was based on natural economy, and could only be definitely described in terms of

services or of kind; while in the towns the habits of life were entirely different. Money economy was prevalent; and the conditions of buying and selling, as well as those of production, were regulated and controlled with a view to the continued prosperity of the town. Life in the town was more specialised; it embraced many elements that were independent and in danger of conflicting; but the common good of the community was kept before the citizens as a conscious aim, and systematic efforts were made to control the various interests so that they might work together for the good of the town as a whole. The recognition of common interests and the force of common sentiment were powerful enough to guide and control the conflicting interests so as to provide the material basis for the life of the community.

Considered as an economic unit the town was much more complex than the monastery. The division of labour was carried farther; and the specialisation of functions was perpetuated in the distinction of social grades and classes, with different rights and obligations as well as with different employments. There had been no occasion to recognise this severance of different elements in monastic life; but they could not be ignored in the towns, and the problem of urban life was that of inducing or compelling these separate elements to co-operate. The mercantile and the manufacturing interests were certainly distinct, from week to week and month to month, though the prosperity of the town demanded that both should be flourishing and that they should play into one another's hands; the authorities of the towns were extraordinarily successful in bringing about this co-operation of industry and commerce. The monasteries had only set themselves to regulate industrial life, but the towns had a far harder task; they succeeded so well that they continued, like the monasteries, to be flourishing

centres for centuries; and it is hardly fanciful to note a similarity in the influence which brought about the decline of these two forms of economic organisation. The monasteries lost their original character of self-sufficing centres of industry when they were drawn into the stream of regular commerce, and the characteristic institutions of the mediæval towns succumbed before the inroads of a purely commercial spirit. So long as domestic industry lasted, the towns continued on the scale on which they had been projected in the thirteenth century and were able to meet English requirements for urban life. With the exception of London they hardly found it necessary to cover additional area; it was only in the latter part of the eighteenth century, when mechanical appliances were being introduced and giant industry began to develop that they entered on a new era of municipal expansion.

The factors which had done so much to promote the economic prosperity of the monasteries were less effective in the larger and more complex life of the city. The *esprit-de-corps* was not so strong, and there was no possibility of maintaining such strict discipline; the civic history of the Middle Ages is full of stories of faction fights, and of struggles between different groups of citizens. An impersonal ambition, for the honour of their patron saint, was a conscious element in monastic life; but the prosperity of the community appealed to the townsmen as a matter of common interest to themselves. In many cases they were bound together by the common possession of land; this was frequent in Scottish towns which were much concerned for the management of the 'common good.' In many continental towns the strongest common interest lay in the necessity for building and repairing their walls and for providing military equipment; but in English inland towns there seems to have been far less sense

of any need for providing against external attack. The English townsmen were chiefly concerned in maintaining the privileges and immunities which had been secured to them by charter, especially their freedom from the sheriffs jurisdiction, the right of raising their quota of taxation in their own way, and their rights with regard to markets. These common rights and interests were the very basis of the common life of the towns, and civic patriotism grew up in connection with them.

While religious habits and worship had a very large part in the life of mediæval towns, they existed for secular purposes, and the religious element was not the very essence of their existence as it was in the case of the monasteries. The monastery was a definitely religious institution and had been deliberately organised in order to afford men the most complete opportunities of preparing themselves for the life to come; the economic prosperity of these houses was incidental. But towns had existed long before Christianity came into the world; they were social groups in which human life was organised for the sake of making the most of natural conditions, and with no direct supernatural aims. Christianity could be brought to bear to leaven town life, but it did not create it. Monastic life aimed at being positively religious and at embodying Christian ideals; but in the towns, Christianity was rather a corrective influence, which aimed at ordering secular life so that it should be not unchristian. Attempts were made to prevent commercial life from being carried on in disregard of Christian requirements, but there was no pretension that all the affairs and activities of life were regulated with direct reference to supernatural aims as a spiritual discipline.

In so far as the municipal regulation of trade had a definitely religious character, the authorities were only endeavouring to insist on what the current

conscience regarded as a standard of honest dealing. They endeavoured to put down the kind of transactions by which a man made money at the expense of someone else, without rendering any real service to the community. The familiar story of the Merchant of Venice illustrates the fashion in which a trader might come to be wholly in the power of a neighbour, and it was felt to be desirable that no one should have the power of driving such a bargain. It was the duty of a Christian man to avoid placing himself in such a position as to be tempted to be an extortioner; and the terms on which money was lent were carefully scrutinised, so that no legal claim could arise for an extortionate demand from an impoverished man. If anyone chose to lend money to a friend he was doing a kindness, and of course he ought to be repaid what he had lent; but if he began doing the same sort of thing as a matter of business he was likely to place himself in a false position. If he had really been put to inconvenience by allowing his friend the use of his money, or through a failure to return it on the appointed day, it was right he should be reimbursed, but in making a definite contract to this effect there might be danger of unfairness; the lender bargained for freedom from risk, and certainty of gain. To enter into a temporary partnership with a merchant and to agree to share risks and profits was perfectly fair, but to bargain for gain for certain, and to leave it to the merchant to take all the risks himself, was a very one-sided agreement. It might mean that the unfortunate man who had lost a ship would not only have to return the capital, but to pay away a share in profits which had been anticipated but never realised. The man who laid himself out for money lending as a business was not really regarded as promoting enterprise or benefiting the community; and as a matter of fact the great expansion of

English commerce during the reigns of Elizabeth and James was organised by Joint Stock Companies in which risks and profits were shared by all the members, and not by adopting any form of agreement which mediæval morality would have condemned.

A similar principle as to fair dealing entered not only into monetary transactions but also into dealings in goods. There was a firm feeling that every commodity had a just price[1] at which it ought to be exchanged, and the problem for mediæval moralists was that of finding how this just price could be detected. In some cases it might be authoritatively laid down by the 'good men of the trade,' who knew what was the standard rate of wages and could tell the amount of labour embodied in any of the wares exposed for sale; the whole of the regulation of reasonable prices by public authorities or craft guilds, was an attempt to lay down the just or reasonable price which the seller ought to give and the maker to receive. But when this method was inapplicable, either because the wares had been brought from a distance or for any other reason, 'common estimation' afforded the best approximation to the just price; and common estimation was indicated by the prices offered and accepted in the open market. On the whole and so far as possible, efforts were made to secure that the labourers' standard of life should be provided for and that the prices at which wares were sold should be adapted to this as a first charge. The standard of life was the dominating influence in the determination of the price of wares.

There was indeed much civic regulation which did not depend on considerations of morality, or on the distinctions between right and wrong which were drawn by mediæval casuists; the townsmen were

1. Ashley. *English Economic History*, I, i, 133.

concerned to promote the economic interests which were common to the community as a whole. Their general policy was dictated by the consideration for the consumer. If one of them made a good bargain with a man who was foreign to the town, other townsmen had a right to claim a share of the purchase, at the same favourable rate. It was a matter of primary concern that the markets should be plentifully supplied, that people who could only afford to buy in small quantities, should have their chance as well as the large dealers, and especially that those who were buying wares for their own use should have a preference over any trader who wanted to buy because he saw his way to sell again later on at a profit. All the market regulations about forestallers and regrators were meant to be in the interests of the townsmen generally, as consumers of commodities exposed for sale in the market.

But consumption was not the sole consideration; the townsmen were quite alive to the importance of keeping up the reputation of the town as a place where wares of good quality were produced. All sorts of rules, as to the conditions in which work should be carried on and the supervision to which craftsmen should be subjected, were laid down with the view that wares should be made of good materials by skilled workmen, who exercised their calling under proper conditions. In mediæval towns, where domestic industry was in vogue, the regulation of industry was inseparably connected with home life; and the system of apprenticeship was not merely regarded as providing technical training in some craft, but as a school of life as a townsman. The material prosperity of the towns was due to their recognition of the fact that consumption and production are interdependent, and to their success in securing that trade and industry should co-operate together for the common weal.

This was the basis on which civic pride in prudent self-government on the part of the citizens ultimately rested.

While we recognise the wealth and power to which some of the mediæval cities attained, we are apt to disparage civic patriotism as very narrow, and locally self-centred; the jealousies and rivalries of neighbouring towns seem to us rather contemptible. But after all there is reason to doubt whether the times were ripe for any economic organisation on a larger scale; the English towns were hardly conscious of any aims which were common to each and all. The conditions of seamanship defined to some extent the directions in which the merchants of each particular town would wish to prosecute their trade. Exeter and Bristol looked to the South and West, while Newcastle and York had connections with Flanders and the Baltic. Further there was no central authority that was strong enough to exercise an effective control over economic activities throughout the length and breadth of the country; that only became possible in Tudor times, when civic institutions had proved their inadequacy, and the Crown attained to its greatest power. Civic patriotism was thoroughly public-spirited within a narrow circle, and it was the best type of citizenship that was compatible with the circumstances of the times. There must have been much personal self-sacrifice in the discharge of common responsibilities, and in efforts to enforce that which was for the common good; the tradition of keeping the interest of the community, even though it was a comparatively small community, in view, has been a noble heritage, as it is a constant witness to the possibility of subordinating economic interests to the maintenance of a well-ordered social life.

The regulations laid down by civic authorities were of course only applicable within the limits of

their jurisdiction: many economic activities were uninfluenced by them altogether. The mason's craft, which seems to have been highly organised in the fourteenth and fifteenth centuries, was apparently extra-municipal, as the masons were much employed on ecclesiastical and royal buildings with which the town authorities had no right to interfere. Similarly, the largest gatherings for commercial purposes lay outside their jurisdiction. In the twelfth and thirteenth centures we hear of the establishment of many fairs to which foreign merchants resorted; there were better opportunities for purchasing goods of various kinds at these occasional gatherings than at any of the permanent centres of regular trade. Some of them were held on the sea shore or at convenient points for transit, and they may have contributed to the origin or at least to the growth of towns such as Yarmouth and St. Ives. Others were held in the neighbourhood of existing towns, and the profits of Stourbridge fair went to the Cambridge townsmen; but however closely connected they might be, the fair was regarded as an exceptional incident and not as a regular part of the life of the town; the period during which it might last was carefully limited, so that it should not interfere with the ordinary conditions of life; and the regulations which were laid down had reference to facilities for trade and had no bearing on the interests of the inhabitants of a locality or the conditions of their life. At a fair the authorities were concerned to maintain peace and to see that there were suitable arrangements for the speedy execution of justice and the recovery of debts; these were the conditions which were important for the merchants who visited the fairs; and if they came in numbers and the trade was active the profit from the fair would be all the larger. It was, however, a purely commercial institution in which the commercial spirit had free

play. All sorts of people met together from many different places; the dealers traded in various goods, and not merely in wares which they had personally produced and which they could therefore guarantee; the merchants would wish to realise their goods for the best price obtainable during the fair, so as not to have to pack up their stock for sale elsewhere; the prices which were offered and accepted had direct reference to the conditions of supply and demand; but the conditions of production, and the requirements of the producer, did not necessarily come into consideration at all, and could be left entirely in the background. It was the business of a merchant at a fair to push his trade and try to create a demand for the goods he had brought, while the rates at which the craftsmen in the towns could sell his wares were determined by the facilities of production, and these could not be readily altered to meet an increased demand. The fair was an exceptional institution in which pecuniary considerations were paramount, while every buyer and every seller was free to consider his own interests and was not called upon to take account of the common welfare.

In these mediæval fairs we have institutions where commercial transactions were isolated, and carried on apart from the ordinary routine of life; they present us with an early example of the phenomena which Economic Science studies systematically. Since that time the commercial spirit has obtained more and more free play; the conditions, which were only tolerated as exceptional, have become normal. The methods of determining price, which were characteristic of fairs, gradually extended to towns; and the civic institutions for maintaining stable relations between trade and industry and for securing the standard of industrial life broke down in consequence. Certain purely commercial towns, such as Antwerp, flourished because they were

regulated as permanent fairs, and offered unparalleled opportunities for regular trade. In the seventeenth century the machinery for regulating trade, so that it might react on the personal welfare of the craftsmen, had broken down everywhere in England; and the commercial spirit came to dominate economic activities of every kind both in town and country. There are many features of this change which we cannot but regret; but we may at least recognise that it has opened up the way for a great advance in knowledge. We have a larger field for empirical study; economic activities can be examined much more systematically and thoroughly than was possible when the special requirements and aims of each locality had to be taken into account separately; we can train ourselves in clear thinking as to the causes of the wealth of nations. In old days it was only possible to deal with each problem blindly and by rule of thumb; but conclusions based on wide experience can now be reached as to the best methods to adopt for promoting the welfare, material and moral, of any community. Clear thinking is the first condition without which wise action is impossible; and Economic Science provides the means and the terminology for describing economic phenomena accurately, and for measuring economic forces; it gives us the means of arranging the facts of human experience systematically, and of generalising as to what is likely to hold good over a considerable range in space and time. It is only by studying the working of the commercial spirit that we can learn by what means and at what expense it can be corrected, wherever we feel that correction is needed.

Mediæval townsmen were fully aware that the commercial spirit, if it was left unregulated, was antagonistic to the best interests of the community as they conceived them. Not only were they anxious to keep the fairs within strict limits, but they

were keenly suspicious of those neighbours who were absorbed in considerations of pecuniary gain, and did not attempt to take the good of the community habitually into account. This was the fundamental reason for the antagonism to the Jews in mediæval towns; they did not belong to the community in which they lived, and they could not be expected to put its interests in the forefront. So far as the Angevin kings were concerned, they served a useful purpose, for they facilitated the collection of revenue at a time when there was comparatively little money in circulation; they formed little colonies within the towns and were ready to push their trade in a thoroughly commercial spirit, while other dealers were under restrictions imposed in what was believed to be the interest of the community as a whole. It is not necessary to pay too much attention to the allegations of contemporaries that the thirteenth century Jews pushed their trade by dishonest means, or to discuss the suggestion of modern writers that the success of the Jews was due to their greater abilities. They worked upon a different standard, which has come to be generally accepted in modern times, though it was not in accordance with the mediæval conception of 'honest' callings, since their activities were not consciously controlled and regulated by consideration for the interests of the community as a whole. This was quite enough to account for the hostility and suspicion with which they were regarded, and there is no need to enquire too closely whether they actually lived down to the low standard of morality that was imputed to them as aliens and outcasts.

Though the Jews were expelled by Edward I., the townsmen were not able to resist the encroachments of the commercial spirit. The changes consequent on the Black Death had impoverished the towns and disorganised the machinery for regulating

industrial life, and it seems as if the commercial spirit had captured the old institutions, not only in London but in other towns as well, during the fifteenth century. The cleavage between the capitalist element and the craftsmen became more pronounced; civic government fell more and more into the hands of little oligarchies which did not obviously subserve common interests or the good of the community as a whole. The burden of taxation, which had been imposed upon them in more prosperous days, was too heavy for the towns to bear; capitalists were trying to push their trade from the town as a centre, and industry began to migrate to suburbs and villages where there were fewer restrictions on the manner in which it was carried on. The time had gone by when it was possible to regulate industry and commerce so that they should co-operate locally for the common weal of the inhabitants of a town. The old method of subordinating economic activities to the requirements of life was out of date, and the civic community had ceased to discharge its function as a well-ordered unit of economic organisation.

The attempts of Queen Mary to galvanise the corporate towns into life were unsuccessful; and under Queen Elizabeth systematic efforts were made to regulate the economic activities of the country by a centralised machinery and with reference, not merely to the special interests of particular towns, but, with a view to the common interests of the realm as a whole. Throughout the Middle Ages the English Kings had exercised considerable supervision over commerce; they recognised how much they might profit by an increase of Customs, and they were ready to encourage the settlement of skilled artisans within the kingdom. Much had been done to improve the facilities for internal trade by providing supplies of coinage, and by attempting

to insist on a uniform standard of weights and measures throughout the country, as well as by creating an official machinery for certifying the character of the cloth, which had become the most important of English exports. But the centralised power which came into the hands of Elizabeth and her advisers enabled them to go much farther, and to organise industry and commerce in every part of the realm with a view of making them co-operate for the promotion of national interests and the development of national life. The old commercial morality was maintained; the distinctions and prohibitions which had been intended to prevent moneyed men from enriching themselves through the necessities of their neighbours were enforced by statutes of the realm. Most of the arrangements which had been devised by London authorities for maintaining the character of industry were taken over bodily in the Statute of Apprentices; but the prosperity of the rural districts was not left out of sight, while special pains were taken to foster the fishing trades and to promote the increase of the mercantile marine. For the first time all the resources of the nation, agricultural, industrial and maritime were carefully taken into account, and detailed regulations were laid down and systematically enforced, for bringing them to work together for the prosperity of the whole realm.

The royal advisers were doubtless anxious to increase the pecuniary resources of the Crown; they did not, however, regard the matter as a question of the increase of wealth, so much as of the development and expansion of national life. The new machinery was more readily accepted, and could be got more easily into working order, because the nation had at last become conscious of national aims which were for the common interest of all alike. It was obviously of importance to Englishmen, in

every part of the country, that they should be secured against the aggression of Spain, and be able to preserve their national independence. There was a very strong religious element in this repugnance to be absorbed in the Spanish system; during the reign of Queen Mary a deep impression had been made by the measures which were taken to bring England back into subjection to the papacy; Spain was at once an overweening political power and the champion of reaction. The religious settlement under Elizabeth was not very popular; it went too far for some and not far enough for others, but it did serve as the means of rallying the English people to a sense of a common danger and a determination to protect themselves against it. The difficulty of superseding local by national patriotism was smoothed away by the sense of common national danger, and the willingness of the people to suport the national government was quickened by the fear of Spanish encroachments.

The feeling of antagonism to Spain did not merely rest on the general determination to preserve national independence, it appealed particularly to the more enterprising elements, in all parts of the country; they were ambitious that England should have a share in the opportunities of expansion which had been opened up by the discovery of the new routes to the East and of the New World. The seafaring population denied the claim of the Pope to portion out these enormous territories between the Spaniards and the Portuguese, and they resented the attempts of the Spaniards to put his decision in force. Stories of the conquest of Mexico and Peru, were heard with indignation, and the treatment which English traders received at the hands of Spanish authorities drove it home; this experience gave point to the feeling which had been roused in the reign of Queen Mary and diffused a sense of

horror at Spanish rule and at the form of Christianity which they maintained. Drake and other Elizabethan seamen felt that it would be a crime against humanity to leave these great areas, populated by an inoffensive race, to the tender mercies of the Spaniards; these men cherished the desire of planting Christian civilisation in its English form on the other side of the Atlantic, not only as an ambition but as a duty. This sense of mission played a very important part in the national life of the Elizabethan times, and the religious element should not be overlooked when we are enumerating the influences which shaped national ambitions and gave solidarity to the nation as a unit of conscious economic life.

The economic life of the nation has been organised on a far larger scale than that of the monastery or the town; it is more complex, and it is also much more complete. In the monastery the pursuit of agriculture and of various forms of crafts were in conscious co-operation, but commerce was almost a disturbing element. In the towns commerce was regulated so as to co-operate with industry for the good of the community; but little attention was given to agriculture in many of them and there were no means of regulating distant trades. In national life on the other hand, economic activities of every sort play a part; all must be brought to work together for the common good in a national economic organism. Common national interest requires that foreign commerce should be promoted, that the most should be made of rural resources and that the prosperity of towns as centres of industry should be fostered. Further, in modern times when the government depends on taxation for the main part of its revenue, the interest of the rulers is bound up with the prosperity of this national economic life; there was much excuse for jealousy of the

monasteries and their self-centred prosperity, and there was frequent antagonism between the townsmen and territorial potentates. But there is not the same excuse for want of harmony between the national life as organised for political, and the national life as organised for economic purposes. There is no reason apparent why the nation as a unit for economic regulation should be outlived and superseded, so long as there is need to exercise any control over the commercial spirit and the free play of private interests. In any area where a conscious national life has been developed, there will be a desire to employ national resources and activities for the maintenance and development of national life; and as one political power governs the whole area, the means of exercising the necessary control lie to hand, whether this is directed to pecuniary objects like the collection of revenue, or to humanitarian objects, such as the preservation of health and the maintenance of the standard of life.

In the sixteenth century the national life of England was organised not only in its political but in its economic aspects, and this example has been generally followed in one area after another. Alexander Hamilton consolidated the United States into one organisation for economic purposes, and thereby rendered it possible for three separate states to become an effective political power in the world. In Europe local interest and local patriotism were strong enough to delay the development of a national economic life; not till after the French Revolution and the rise of the German Empire, were the cities and provinces, which were living independent lives of their own, welded into one body economic. The oversea dominions have been attracted in the same direction; they are ambitious of controlling their own economic activities as a necessary element in true national life, and of

regulating the agriculture and commerce and industry of their territories so that they shall co-operate to promote the prosperity of the new nations. Economic consolidation reacts on political power; each organised nation is a foundation for building international agreements by which the dangers of open rupture may be diminished,[1] and for bringing a civilising influence to bear on territories which are occupied by primitive peoples.

It may perhaps be doubted whether a true national life can be developed on its political side, unless it is developed on its economic side as well; and it is at least instructive to consider the case of Ireland in this connection. At the time of the Union there was a very general desire throughout the country that Ireland should not be treated as a part of the British economic system, but should be free to pursue her own economic development in her own way. The enthusiasm with which this view was taken up and acted upon by the Parliament in Dublin at the close of the eighteenth century was the chief reason why English statesmen were anxious to force on a parliamentary union for economic and political purposes. At present there are very few common economic interests for the whole of Ireland, and the representatives of separate interests and of different parts of the country do not appear to hold that these would increase in prosperity by being brought into closer co-operation. The agricultural population were eager for Home Rule in Parnell's time, but even they seem to have lost much of their enthusiasm for the measure, while the industrial and commercial classes are generally opposed to it. The English supporters of the proposal are for the most part Free traders who would be very suspicious of any attempt to develop Irish national life on its economic side by means of tariffs. The fact that

1. See below, p. 103.

there is no longer a united demand on the part of the Irish to have the means of pursuing their own economic development in their own way is the most striking difference between them and the men of the self-governing dominions overseas.

Monastic life, despite the high aims which inspired it became sadly corrupt; and the civic life of the Middle Ages, though permeated by the principles of Christian morality, degenerated till the wholesome influence of civic patriotism was completely sapped. English national life was consolidated under an impulse which was mainly religious, but the organisation of economic life on a national basis has been defective in many ways. Throughout the history of national economic regulation there has always been some clashing of interests; and it is easy to assert that the parties in power at any period were merely seeking their own advantage, and eager politicians do not consider how far the objects of their attack were really pursuing the good of the community as they understood it. There is plenty of room for fault finding if we cultivate that habit of mind: it is easy to dwell on the horrors of war, and plausible to ascribe them to national vanity or national selfishness, and to speak as if national patriotism were the root of every kind of evil. Such disparagement of national life is idle, and it becomes mischievous if it encourages the supine in their unwillingness to give time and trouble to the duties of citizenship. It has its basis in the particularism which recognises the value of individual lives, but treats the very conception of national life as a mere illusion. Anti-patriotism has an affinity with the habit of mind which regards individual self-development as the supreme aim of life, and takes an attitude towards society that is indistinguishable from anarchy. Writers who have a passion for sweeping generalisation contend that

monastic institutions, and great municipalities, have passed away in their turn, and that the time is ripe for national organisation to be superseded; but before we condemn national life and the national organisation of economic life as worthless, we would do well to see what we can hope to put in its place. National organisation is the most powerful instrument that has ever been created for controlling the use of economic resources and the exercise of economic activities. We dare not discard it till we find some instrument ready to hand which can be used as effectively and lends itself less readily to the danger of misuse. The political authorities in the nation have the widest power within the realm of putting down any proved evil which can be adequately and safely dealt with by compulsion; and they have also extraordinary opportunities of bringing pressure to bear on half civilised or savage peoples without resort to armed intervention. While these influences are so great it is not even plausible to argue that national life is worn out and done with. Bad workmen complain of their tools; but it is incumbent on democratic citizens of any state to fit themselves to use, unselfishly and wisely, the powers they possess for directly promoting the welfare of the community, and for indirectly benefiting other communities as well.

V. CALVINISM AND CAPITAL.

LATIN Christianity had exercised a remarkable influence in leavening economic life. The monasteries had furnished a great example of an industrial communism founded on a religious basis and inspired by religious motives. In the towns industry and commerce had been brought to co-operate for the maintenance of a well-ordered civic life, and Christian principles of right and wrong in monetary transactions had been successfully enforced under religious sanctions. This authoritative method of bringing Christian influence to bear had, however, been proving less and less effective during the fifteenth century, and in the sixteenth it suffered a mortal injury. At the Reformation a great stretch of European territory threw off the papal allegiance and rejected the authority by which Christian morals had been enforced at active centres of economic life; the old method of exercising a religious influence on civic authorities was no longer available.

The full results of this change did not appear at first, and there is so much evidence of gross corruption in the decadent Church of the fifteenth century that it seems almost paradoxical to regard the papacy as a moralising influence in any department of life; but when papal authority was once set aside, there was no power that was strong enough to offer effective opposition to the advances of the commercial spirit, or to suggest suitable correctives. In this, as in other matters, it is necessary to distinguish the aims of the reformers, from the changes which occurred in consequence of their action. Luther and Calvin paved the way for a thoroughgoing individualism both in Church and State, but

neither of them set it consciously before him as an ideal. In England, at all events, there was no conscious departure from the traditional conception of a Christian polity which the Prince was called upon to administer in accordance with the Divine Will. Henry protested that the Spirituality within the realm were learned enough to advise him as to recognised Christian doctrine, while appeal was made to the Bible as a negative test, to point out elements of traditional practice or doctrine for which it gave no support and which might therefore be condemned as unnecessary or mischievous. Monastic institutions had ceased to be beneficial economically; they had no obvious scriptural justification, and they were swept away. There was much, however, in the Bible about the danger of greed and oppression on the part of wealthy men; and the traditional doctrine of right and wrong in regard to monetary dealing was maintained, in the expectation that it could be enforced by the Crown. Earnest attempts were made in the time of Elizabeth, James I., and Charles I. to maintain traditional Christian standards by means of a national ecclesiastical authority supported by the power of the Crown, and to insist on the duties of capitalist employers towards their workmen. It is idle, though tempting, to speculate how the course of affairs, political and social, might have been affected if these ecclesiastical attempts to maintain the old standards of commercial morality, in all their precision, had been crowned with success and usury had been kept in check. The modern system of borrowing has proved an enormous power; and it is not easy to assess the good and evil, respectively, which have arisen in connection with it. Trading on borrowed capital has enabled enterprising men to take immediate advantage of some opening and has thus made for progress; but it has tended to increase the

fluctuations of business, and there would probably have been fewer facilities for speculation if trade had been conducted on other lines. The new system of finance supplied government with the means for carrying on the great military struggles which culminated at Blenheim and Waterloo; public credit enabled England to champion resistance to French Absolutism and Imperialism, but it has saddled after-generations with a heavy burden of debt. As a matter of fact the seventeenth century attempts to restrain the commercial spirit and to regulate the national economic life were quite unsuccessful; the ecclesiastical courts in which action could be taken were highly unpopular, and the failure did much to discredit the prestige and undermine the authority of the Crown.

Calvin and the extreme Protestants did not abandon the traditional aim of constructing and maintaining a divine polity; they had not lost sight of the aspiration after a kingdom of God upon earth, though they had a new view of the principles on which it should be ordered. Some of them may have been influenced by the Humanist dream of an earthly Utopia, and looked for a Christian polity which should be a realisation of a perfect community on earth, and not merely discipline for preparation for the world to come; or they were prepared to establish in their own day the Messianic Kingdom for which Israel had hoped so ardently. Puritanism aimed at creating a Theocracy; its leaders would have repudiated the notion that religion is a private matter to be cultivated by each individual in his own way; all parties were at one in desiring to organise Christian society both in its political and its religious aspects. They cherished a vision, such as S. Augustine had put on record, of a City of God, and continued to aim at the establishment of a Divine Polity upon earth. They protested most vigorously

that Latin Christendom had failed hopelessly, and so they set themselves to construct a Theocracy on wholly different lines. Calvin and his followers held that there must be an entire breach with the past; they believed that the whole scheme of civilised society had gradually drifted away from the Christian conception, till it had become utterly corrupt, and that it must be built up anew in close accordance with the instructions that came direct from the Scriptures. In England there was no complete breach with the past at the Reformation, and Scripture was only appealed to with the view of correcting defects in the traditional practice; but by the Calvinists, Scripture was treated as a positive guide to the Divine Will for the constitution of human society for all time. Presbyterianism and Puritanism were schemes for creating a new Theocracy by means of Scriptural instructions.

There is much misapprehension on this point and it has given rise to a charge which is frequently repeated against the Puritans, though it seems to me to be unfounded. Surprise is sometimes expressed that the New Englanders, after leaving their own country to escape persecution and to obtain "freedom to worship God," should have been so intolerent of varieties of religious opinion and practice in their new home. But there was no real inconsistency. The struggle of the earlier part of the seventeenth century was being waged between men who advocated different types of Divine Polity; all were intensely interested in endeavouring to create or maintain a Christian society, but there was no plea for freedom for the individual. The Puritans who emigrated to America took strong exception to the professedly Christian society which had been organised in England; they desired to change it, and when they found that this was impracticable they separated themselves from it,

so that they might be able to organise a new polity on what they believed to be really Christian lines. To them it was a duty to endeavour by means of a strict ecclesiastical discipline, to maintain the purity of the community framed on a strictly scriptural model and dominated by scriptural principles. These men had objected strenuously to one type of Christian polity and they were trying to institute another; but they had never claimed freedom for individuals, and they would have been untrue to their conviction as to the Divine Polity if they had granted freedom to individuals to upset the ordered life of their new societies.

Calvinists retained the traditional aim of establishing a Divine Polity on earth, but they not only rejected the authority of the Pope as an administrator as had been done in England, but the whole interpretation of Christian duty which had been formulated under the papal regime: they professed to find a scriptural basis for every detail of life in an organised Christian society, and they would have none other. This proved the fundamental weakness of their position; there are many matters of great importance, commercial, social and political, about which the Christian Scriptures give us no direct light at all. Even in regard to ecclesiastical organisation the New Testament does not supply us with guidance that is plain and unmistakable. The scheme of Church government described in the *Acts of the Apostles* was obviously transitional, and Calvin's pronouncement as to the permanent elements appears to be arbitrary. The conditions of early Christianity, as a persecuted sect in a heathen Empire, render it impossible that the *Epistles* should give us instruction that is appropriate to the position of a free citizen in a Christian community. The duties of a ruler lay outside the scope of the practical matters on which the Apostles

were called upon to advise their flocks; and the New Testament has nothing to say about civil or criminal procedure, the organisation of defence from foreign foes, or the protection of persons and property within the realm. On these questions, and still more on economic matters of every kind, the New Testament fails to lay down any rules; and hence the Calvinists fell back on the Will of God as declared in the Old Testament. During the Middle Ages the blanks in gospel teaching had been filled up by reference to the stores of natural wisdom which were collected and formulated in the writings of Aristotle; natural reason was used, much as S. Paul had appealed to the natural conscience, to confirm and supplement the dicta of Christian morality. But the Calvinists discarded the great body of acute thought which had been raised on this double basis, and sought for direct guidance in the code which had been laid down for the ancient people of God. By so doing they insensibly and unconsciously eliminated anything that was specifically Christian from their scheme of social morality, and fell back on the Old Testament and the Jewish standards of commercial dealings.

The main difference between the Jewish and the Christian standard of commercial dealing in mediæval towns had arisen in connection with the practice of usury; the Jew felt that it was quite allowable to lend money on usury to a Christian,[1] while Christians regarded it as grasping conduct, by which a man laid himself out to evade the risks of honest business and to gain at the expense of his neighbour. In the sixteenth century, however, the feeling of upright business men had undergone a considerable change; new opportunities for investing in profitable ventures were opening up. To the merchant, it was a great advantage to get the com-

1. Deut., xxiii, 19, 20.

mand of capital which he could use to advantage; and the neighbour, who had saved some money, was glad to lend it at comparatively low interest rather than keep it lying idle in his chest. Instead of going into a temporary partnership for risks with the prospect of a high rate of profit, the man who was not himself a merchant preferred to agree to accept a low rate of profit for certain, and to undertake no risk at all; while the high profits which the merchant could hope to obtain, on capital borrowed at a comparatively low rate, made him ready to accept the accumulated risk. The practice of trading on capital borrowed at a low rate was no longer felt to involve any elements of unfairness; and the term usury began to be interpreted in its modern sense of excessive interest. Business men contended that there was no breach of Christian charity in lending at low rates of interest, and that this practice was perfectly allowable. A further difficulty in maintaining the old standard arose from the fact that new methods of doing business were coming into vogue, and that the practice of dividing risks by insurance was developing;[1] under these circumstances the mediæval distinctions were ceasing to be easily applicable to actual transactions, and there was need that the safeguards against hard bargaining on the part of moneyed men should be defined afresh. Calvin, when appealed to for his opinion as to the lawfulness of usury, was in great difficulty about his decision; but, as he did not definitely condemn it, the effect of his pronouncement was to add the weight of his opinion in favour of regarding the practice as allowable in a Christian community, and as a matter for the private conscience and not for ecclesiastical discipline. Calvin and his followers do not, however, seem to have made any very serious attempt to discuss the

1. Ashley. *English Economic History*, I, ii, 440.

temptations of the moneyed man in such a way as to give him help to decide where his own personal duty lay. Richard Baxter warns landlords against the evil of oppressing their tenants, but does not seem to fear that moneyed men may be tempted to drive hard bargains. He argues that the prohibition of Usury does not hold good in the Christian dispensation,[1] whatever may have been its force among the Israelites. In the first half of the seventeenth century the authoritative attempt to bring Christian influence to bear on moneyed men within the realm, for the use of their wealth, practically ceased; the ecclesiastical authorities in England were still trying to enforce restrictions which the ordinary conscience felt were out of date, while the ecclesiastical authorities in Scotland saw no need to deal with the matter at all. Calvinism allowed free play to the commercial spirit.

The attitude of Calvinism to commercial life was ultimately due to the deliberate acceptance of the Old Testament as the rule for conduct in a Christian society; but the connection was strengthened by the conditions of the community in which Calvinism was first planted and the atmosphere in which it flourished. It was in a city-state that Calvin had his personal opportunity of carrying his views as to a scriptural polity into effect; in Geneva he had brought about a very remarkable religious change, which was in many ways similar to the revolution which Savonarola effected in Florence. The genius of Calvin was shown by his success in creating institutions which gave a permanent character to the movement which had only been a passing influence in Florence. The civic reformation resulted in the establishment of a civic theocracy; Geneva was ruled by a Council of City Fathers who were themselves under the guidance of Calvin, Beza, and

1. *Christian Directory*, iv, 122.

other ministers. Geneva was an important commercial city, and from this centre Calvinism spread to other countries, especially to France, which was Calvin's native land. This form of Christianity was congenial to the leading inhabitants of commercial cities; and theocracies were founded in French cities, which became the main sources of the Huguenot strength in their struggle with the League, before the opportunity arose for applying these principles to national institutions. Not till it spread to Scotland did Calvinism attain its full development, for the Calvinistic theocracy as organised in Scotland rested on a national and not merely on a civic basis. John Knox, and Andrew Melville, were earnestly desirous of rendering Scotland thoroughly Christian as a nation, and it is in Scotland that we can best see the influence of Calvinism on national life.

The tide of Reformation was long delayed in reaching Scotland at all; apparently because it had been pent up so long, the wave swept across the country with all the more violence when it came. There had been no modification of the ecclesiastical system, or secularisation of the monasteries, such as had occurred in England under Henry VIII.; and the nobility were ready to rally to Calvinism, as it marked a strenuous antagonism to the Queen Regent and French influence, while it did not mean the mere following an example that had been given by England. Calvinism was thus a badge of national independence, and in its turn it helped to give cohesion to Scottish nationality. The government of the Presbyterian churches was, if not democratic, destitute of any monarchical claims on the part of earthly ecclesiastical authorities; the spiritual aristocracy, which wielded much power, was yet chosen from among the people, and came nearer to being a popular government than any-

thing of which the Scots had had experience before either in Church or State. The presbyteries were organs of local self-government in ecclesiastical matters; while they also furnished the opportunity of taking a part in shaping a national ecclesiastical policy. The Scots Confession of 1560 was a public declaration of the principles to which the protestants of Scotland adhered; and in the Covenant of 1638 Presbyterianism was set forth more forcibly and with a more authoritative claim to be the national religion "openlie professed by the King's Majestie and the whole Body of the realm both in Burgh and Land." In Scottish Presbyterianism we have the most highly developed form of Calvinism; and the creation of a national Theocracy, in which religious principles were forced upon the Community by civil magistrates and ecclesiastical discipline. We have noted that Calvin removed the ban under which much of the business in commercial cities had been placed, and in Scotland we see more clearly the line which was taken in regard to industrial employments. Unemployment and idleness were the characteristic evils of Scotland in the seventeenth century; to get the population to submit to the discipline of work might well be regarded as the first step towards introducing a godly, righteous, and sober life into the community. There were no half measures about the treatment of vagrants in the Scots Act of 1663.[1] Enterprising men, who set up manufactories, were empowered to impress any vagrants, and employ them for their service as they should see fit for eleven years without wages except meat and clothing. Good subjects were recommended to take into their service poor and indigent children, who were "to do any task assigned them till they had attained the age of thirty, and to be

1. Scots Acts 1663, c. 52; re-enacting 1579, c. 12; 1597, c. 39; and 1617, c. 10.

subject to their masters' correction and chastisement in all manner of punishment (life and torture excepted)." The seventeenth century presbyterian took a stern view of the discipline which was good for children, so that they might be kept from forming habits of idleness and from drifting into evil of every kind. The best hope for the future of the country seemed to lie in providing conditions which were favourable for the investment of capital; to develop the resources of the country and to start fresh industrial enterprises might well seem to thoughtful men to be the best remedy for existing social evil. The well-doing population were for the most part still attached to the soil and were able to draw their livelihood partly from rural occupations and partly from wages; the dangers of sweating and other forms of oppression by moneyed men were so remote that they were not taken into account, and capital appeared in a friendly guise as the greatest of social benefactors. Religious reasons could also be adduced in favour of cultivating the type of conduct which was favourable to capitalists. The duties of secular life are more fully dealt with in the *Book of Proverbs* than in any other part of the Old Testament, and the teaching in that book on social and economic matters is entirely prudential in character; the vices of the self-indulgent and the sluggard are denounced, while diligence and thrift are commended. There is an interesting picture of the domestic economy of a good housewife; and the right course in business life is inculcated as a matter of private concern which ensured a personal reward; there hardly seems to be any consciousness that there is room for the consideration of public interests or the common weal. There is nothing specifically Christian in the religious point of view which was thus adopted, either as regards the dignity of work

or the dangers of greed of gain. Scottish Presbyterianism, as the most complete illustration of a national theocracy on Calvinist lines, is almost exactly on the same plane as Judaism, and has not advanced to the Christian standpoint, in regard to the regulation of society. The sense of public duty was little developed, while the doctrine of predestination fails to arouse to the need for cultivating Christian graces.

The statement of these principles is sufficient to show the fundamental reasons for the alliance of capitalism with Calvinism; and the most cursory survey of the character of the progressive countries during the last three hundred years makes the fact of this affinity exceedingly clear. The Calvinistic cities were industrially the most flourishing communities in France; and, when their inhabitants were scattered, they became an important element in the material prosperity of the lands where they settled. Calvinism played a large part in the resistance of the Netherlands to Spain, and the Dutch were pioneers in commercial enterprise; the business capacity of men reared in Presbyterian Scotland is undisputed and English Puritanism found much of its strength in the population of London and commercial towns. It is not necessary to labour a point which has been so fully discussed by Max Weber[1] and Schulze-Gaevernitz[2]; and the case of Scotland where the modern Jews have hardly settled, makes it clear that the progress arose in connection with Old Testament morality as adopted by Christians, and not, as Sombart is inclined to argue,[3] through an infusion of Jews resident in Christian communities. Calvinism is a form of Christianity which gave its

1. *Die prot. Ethik und der Geist der Capitalismus,* in *Archiv. für Sozialwiss.*, xx, 50, and xxi, 16, 100.
2. *Britischer Imperialismus,* 46.
3. *The Jews and Modern Capitalism,* 185, 249.

sanction to the free exercise of the commercial spirit and to the capitalist organisation of industry.

In some ways this was a decided gain. During the greater part of the Middle Ages the best that men could hope for was peace to carry on their avocation in well-ordered society; the Truce of God and the Peace of God had been among the greatest social achievements of the Church. In a stationary society the main effort was to maintain good order; and the commercial spirit, or anything that made for change and progress, was viewed with suspicion. This determined the traditional Christian attitude towards enterprising business; and so long as Christian authorities looked askance on the enterprising elements in the community they could hardly hope to influence them. It is not wholesome for society that religion should come to be associated with relative failure in the ordinary affairs of life; and the inability of the Roman Catholics in Germany to adapt themselves to the capitalist organisation of industry and commerce, appears to be one reason for their decline in influence in the State.[1] Calvinism played an important part in keeping material progress in touch with religion and has helped to bridge the gulf which was separating the two. The Presbyterians abandoned the attempt to control economic activities as needless, and therein they were short-sighted; but they reached a standpoint from which it was possible to bring religious influence to bear on men personally, without setting up any barriers to the development of progressive communities. Unless Christianity accepts material progress heartily, she cannot hope to leaven it.

But on the other hand there has also been serious loss; since the early part of the nineteenth century

1. Rost. *Die wirth. und kult. Lage der deutschen Katholiker*, 184.

there has been occasion to point out the crying evils which have arisen in connection with the capitalist organisation of industry, and the ruthless disregard of human life which it has exhibited, from time to time, when uncontrolled. Religion has had to bear the blame of this inhumanity on the part of the forces of progress to which it has given its sanction; and it is plausible to say that for the last two hundred years religion in this country has been on the side of the rich, and has done little to protect the poor, who have never seemed to gain anything in the course of progress, and have often incidentally lost much. The increasing jealousy of the power of capitalists and the growing suspicion as to the manner in which this power may be used, help to account for the widely diffused indifference to religion in progressive countries.

The view of economic activities, which was taken by Presbyterian ecclesiastics, was favourable rather than otherwise to the progress of Economic Science. They saw no need to interfere with private action in the interests of a Christian standard for the community, and they held that the prudential pursuit of wealth tended to build up a self-disciplined character which was favourable to the formation of sober and godly habits. Adam Smith went a step farther, and urged in his great work that there was no need in a progressive community for the State to control and direct private enterprise in the interests of political expediency. He set himself to study the free play of private interests, and argued that there was no need to interfere with it for the benefit of the body politic. The Scottish clergy were not indifferent to Christian duty any more than Adam Smith was indifferent to the increase of national power; but they held that it was unnecessary either for one object or the other to interfere with the private freedom of individuals in the conduct of

their own affairs. The question was no longer asked,—How should economic activities be controlled either in the interests of the maintenance of the religious character of society or for the sake of political expediency? Adam Smith was content to study how private economic interests operated as a matter of fact, and to show that they tended to increase the wealth of the nation, and thus to work for the power of the state as a whole. This object, —the aggregate wealth of the community—was a common aim in which the interests of private individuals and of the whole community were brought into harmony; and the old contrast between public weal and private interest seemed to him to be an illusion.

When we remember how much learning had been already directed to bring scientific opinion to bear on the affairs of state in England, it is not a little strange that so little should have been hitherto done to put the study of national resources on a really scientific basis. The great outburst of national intellectual vigour at the Restoration was consciously devoted to the public benefit. The preamble of the charter for the Royal Society, which was drafted by Sir Christopher Wren, is evidence as to the aims of the men who promoted the foundation of this Society. "The way to so happy a government is in no manner more facilitated than by the promoting of useful arts and sciences, which, upon mature inspection, are found to be the basis of civil communities and free governments; that so, by laying in a stock, as it were, of several arts and methods of industry, the whole body may be supplied by a mutual commerce of each other's peculiar faculties; and consequently that the various miseries and toils of this frail life may by as many various experiments ready at hand be remedied or alleviated; and wealth and plenty be diffused in just proportion to every-

one's industry that is, to everyone's deserts. Wherefore Our reason hath suggested to Us and Our own experience in our travels in foreign kingdoms and states hath abundantly confirmed, that We prosecute effectually the advancement of natural experimental philosophy, especially those parts of it which concern the increase of commerce by the addition of useful inventions tending to the ease, profit, or health of our subjects."[1] Nor were these political references a mere bait to attract royal attention and secure royal encouragement; Sir William Petty and other early members of the Royal Society were keenly interested in the empirical study of economic phenomena, and regarded statistics and political arithmetic as essential aids to practical statesmanship. But after all, the experimental method, to which the Royal Society was devoted, does not lend itself readily to the pursuit of social and political studies; and intellectual zeal for the public interest expended itself in the study of the best means for pursuing some particular object. Much attention was given, after the Great Fire, to town planning, and the rebuilding of a new London which should be at once stately and healthy; the interest in hygiene was stimulated by the visitation of the Plague, and much effort was expended on the improvement of the art of Navigation. It seems as if the attention given to these important practical matters distracted men from attempts to carry on a scientific study of the causes which were favourable to the increased material prosperity of the realm as a whole; and it was left for Adam Smith to formulate the enquiry in general terms and to pursue it in a scientific spirit.

Adam Smith set himself to study the free play of economic activities in a progressive community; so far as he had a practical interest in view, he desired

1. Wren. *Parentalia*, 196.

to maintain the scientific thesis that it was an illusion to suppose that any real conflict existed between private and public interests, and that it was therefore unnecessary to take any trouble over attempts to reconcile them. But the scientific character of the study was more firmly established by the limitations he placed on its scope; he drew a distinction between value-in-use and value-in-exchange, and concentrated attention on the latter. He simplified economic problems by leaving on one side the confusing elements, which are introduced by varying national ambitions, or different personal temperaments. The value-in-use of a fleet or an army to a nation depends on the nature of the attacks which it has to fear; the value-in-use of any object to any individual depends on his personal tastes and his capacity for enjoyment. General reasoning is hardly possible if we have to take account of such special considerations at every turn; but if we concentrate attention on value-in-exchange, we have to do with well marked phenomena, which can be described in detail and measured and analysed. There is opportunity for the steady advance of empirical science by the framing of hypotheses which are capable of being verified or which may be definitely proved to be mistaken. Till Adam Smith's work appeared there had been an immense amount of experience on economic matters, but there had been no satisfactory means of co-ordinating it or of formulating the results. When once the example was set of pursuing the study on scientific lines, an important step was taken towards securing an accurate terminology in which to describe economic phenomena, so that there has been less excuse for confusion of thought. It would be impossible even to discuss such burning questions as the unearned increment from land, or to attempt to measure the fall in the purchasing power of money,

unless the lines had been laid down on which economic phenomena could be studied as relations of exchange between things.

The advance which has taken place in Economic Science, since it was placed on a basis on which experience can be intelligently accumulated and hypotheses verified, is at least illustrated by the transformation which occurred in the study of the heavenly bodies. For centuries observations were made of the stars and planets, with the view of detecting their influence on human temperaments or on the course of human affairs. It was not till the practical interest was discarded, and they were studied with the simple object of determining their relations to each other, that astronomical study became both thorough and fruitful. No hypothesis as to planetary influences on human lives is verifiable, and it does not help us to understand the phenomena we can actually observe. So too with the commodities and conveniences of life; every object which a man desires to have at his command must have some value-in-use to him, but we cannot get definite and verifiable knowledge of the precise nature of subjective tastes and preferences. The study of the relations of exchange, which exist between things, is fruitful, because we may hope to understand actual phenomena more clearly, and to render our knowledge more accurate and more certain.

VI. THE LIMITATIONS OF ECONOMIC SCIENCE.

THE publication of the *Wealth of Nations* is a great landmark in the history of Economic Science, and enables us to note the extent of the Revolution which has taken place in habits of thought on economic subjects since the time when S. Thomas Aquinas was the great intellectual light of Christendom. In these old days life had been treated as a whole; all institutions had religious as well as political aspects but in the course of centuries the two sides fell apart, and life could be conveniently divided into sections. Locke had discussed the *True Origin, Extent, and End of Civil Government*, and had treated religious institutions and ordinances as things to which the State was indifferent. On the other hand men like John Wesley, who were intensely interested in promoting personal religion, did not greatly concern themselves with political affairs. In the time of Adam Smith, the conditions which were favourable to material prosperity, either national or personal, could be conveniently studied in a section apart, into which neither religion nor politics had occasion to enter.

There has also been a remarkable change of the attitude in which men approach practical social problems. In the Middle Ages they were firmly convinced that life is more than meat; they had ideals for human life, and they endeavoured to provide conditions in which these could be carried out, in monasteries for leading a distinctly religious life. They tried to encourage men in towns to lead an upright, honest life as craftsmen, or in other secular callings. But our generation has ceased to be satisfied with such limited views. Boundless opportunities for self-development have opened up, and there is a

widely diffused desire to have the fullest possible share in them. Many men seem to feel that life is only worth living if it can command a multitude of possessions; and the ideal of taking a definite place in the social system has ceased to attract them; they aim at rising in the world, and intend to shape and re-shape their lives, from time to time, according to their success in securing additional means. Adam Smith concentrated attention on the comforts and conveniences of life,—on external conditions; he showed how, by the division of labour and other expedients, opulence might be increased. It seems to be frequently assumed that if the means of life are increased, or are rendered more generally available, life—both personal and national—will improve, and that there is no need for maintaining any ideal of what life itself should be. Life in a particular society formerly framed a man's expectations and desires for himself; but we have ceased to accept the dominance of the community as fundamental, or to cherish ideals either for the community or for the personal life; our era is satisfied to accumulate the means of life. We are in consequence constantly involved in discussions as to the relation of the individual to society or of society to the individual.

This difficulty had hardly arisen at the time when Adam Smith was writing his monumental work, for there was a strong sense that national life was incomparably more important than private ambitions or interests. The nation was the unit of social organisation which was generally recognised; and "he took it for granted that in every country the idea of nationality was absolutely dominant."[1] He was clear that there was no antagonism between public and private interests, and on the other hand that the love of country and the desire for its prosperity ought to influence the citizen in all the affairs

1. J. S. Nicholson. *Project of Empire*, 21.

of life. "The love of country seems in ordinary cases to involve two principles; first, a certain respect, and reverence for that form of government that is actually established; secondly, an earnest desire to render the condition of our fellow-citizens as safe, respectable and happy, as we can. He is not a citizen, who is not disposed to respect the laws and obey the civil magistrates; and he is certainly not a citizen who does not wish to promote, by every means in his power, the welfare of the whole society of his fellow-citizens." [1] So far as the private citizen was concerned, this patriotic sentiment was obviously strengthened by the public consideration of his interests. The nation gave him better security to carry on his avocation, whatever it might be, than he could hope to find anywhere else. The stability and good order in his own country made it by far the best place for the investment of capital, either in agriculture or industry; if he adventured in foreign commerce, the British fleet gave him protection at sea, and the rights of a British citizen enabled him to trade in British colonies, or in markets where Great Britain had secured rights of treaty. "Trade follows the flag," and the maintenance of the wealth and power of Great Britain was an essential condition for the expansion of British trade. This dependence on Nationality could be assumed in the eighteenth century as axiomatic; there was no room for suspicion that under any circumstances it would cease to be paramount; men always have difficulty in realising how rapidly a change of circumstances may induce a change in economic life.

During the latter part of the nineteenth century however, the facilities for rapid communication by steam have brought about strange results. The British public have found that they could get profit-

1. *Project*, 11.

able returns from capital invested in foreign countries, and in enterprises where no direct British influence was involved. Much British capital has been poured into the United States, and the South American republics, as well as into Turkey and Russia; there are numberless Englishmen who find employment in connection with enterprises outside the limits of the Empire. It is no longer possible to define a country for economic purposes as an area throughout which there is a free flow of labour and capital; since capital, and to a lesser extent labour, flow readily without much respect to political boundaries. What private interests in the present day require, so far as social conditions are concerned, is the maintenance of such order that it is possible to carry on commercial and industrial pursuits. Under the influence of *laissez faire* the functions of government have been reduced to the minimum of securing freedom for the play of individual interests; this is all that the capitalists wish for at home, and the cosmopolitan capitalist invokes the aid of government to establish in distant lands the sort of order which was maintained in mediæval fairs; his interests are detached from the life of any community; he has no personal part in the country from which his wealth is derived, and his economic activities do not contribute to the prosperity of the community in which he lives. He only invokes the spread of a form of civilisation, which is little more than a system of police, to provide conditions that are favourable to the pursuit of private interests in planting or in mining. Arrangements for protecting life and property is all that civilised society means for many of us; but this conception is so meagre that it hardly provides a basis for constituting a social system; the features and defects of this modern civilisation will, however, be rendered more distinct if we contrast it with the highly organised life of Mediæval Christendom.

Religion gave a cohesion to mediæval society such as was unknown either in the ancient or in the modern world. The profession of Christianity, sealed in Baptism, conferred on every individual a position in a great community. Participation in the life of Christendom was deeper than differences of race or class distinctions, and knit the most diverse elements together. In the ancient world, religious differences had been badges of severance among the inhabitants of the same city; but participation in Christian rites was open to the monk, who had relinquished all social status, and to the slave who had the meanest place in the community, as well as to the high-born and wealthy. However miserable his surroundings might be, no one could regard himself as a mere outcast when he was privileged to partake in the most sacred rites of the community in which he lived. The religious element, which did so much to give solidarity to Christendom, was also operative in extending it. Religious aims, and political or commercial ambitions, were blended in the attempts to bring other peoples within the limits of Christendom, if need be, by force. One motive doubtless predominated at one time and another at another; and it may not be easy to say with any certainty which was more influential on any occasion; probably the chief actors in these events may not always have known, and we can only guess. There does not appear to have been any political object that Gregory the Great set before himself, in his endeavour to bring England within the sphere of Christianity; religion was the leading motive in the mission of S. Augustine, but the means employed to render it successful were very largely political. The monks were enabled to effect a settlement by the favour of tribal kings; and the prestige of the Roman name seems to have contributed to the actual acceptance of

Christianity in this realm. On the other hand, in the great expansion of Christendom under Charles the Great, it is impossible to doubt that political motives were very prominent. The protection of an extended frontier is a matter of great difficulty; all empires have been involved, from time to time, in frontier wars and punitive expeditions at points where barbarism and civilisation come in contact with one another. Charles was undoubtedly anxious to round off his empire and render its defences secure by his expeditions against the Saxons; but there is no reason to suppose that the religious motive was absent. Forcible conversions might do little or nothing to awaken a personal faith; but they were a means of extending a politico-religious society, and of bringing new peoples under the influence of its institutions. In the twelfth and thirteenth centuries the same combination of influences co-operated to rouse Crusaders to struggle against the Crescent; the preaching of S. Bernard awakened an intense enthusiasm among men, women and children, who had much to lose and nothing to gain; while there were others who were obviously actuated by political or commercial ambitions. This enthusiasm, in its double aspect, survived till the discovery of the New World and the disruption of Christendom. The crusading ambition, to drive back the Moslem and extend the Christian Polity, lived on in the Spanish Peninsula. Portuguese navigators were eager to circumvent Moslem influence and to obtain a footing in the lands beyond, and the conquest of Granada was the great triumph of the early part of the reign of Ferdinand. The Portuguese and the Spaniards planted religious institutions where they went for purposes of mining or trading, and honestly believed that in extending the Christian Polity they were doing God service.

The intense pity felt for those who were excluded

from it is additional evidence of the strength of the mediæval attachment to the Christian Polity. There was a strong sympathy with the captives who were taken outside the bounds of Christendom, and to the misery of living in heathen lands where Christian rites were never celebrated.[1] The Order of Trinitarians and the military Order of Mercy were founded with the view of rescuing men on whom this terrible fate had fallen. Personal freedom, or the loss of it, was not the point on which they laid stress; and they had no strong feeling against bringing men from outside to live in a state of slavery within the Christian Polity. Their horror of one form of slavery, and the lightness with which they regarded the other, are due to the importance they attached to life in a Christian Polity with Christian institutions. From the same point of view we can better understand the readiness to be personally assimilated to the Christian Polity; and the disgust which was felt against those who deliberately held aloof, and scouted the authority that controlled the forces which held society together. Apart from the economic considerations which have been discussed above, this was the chief ground of the bitter feeling against the Jew. His presence among them was a constant protest against the authority which Christians regarded as supreme, and he disparaged institutions which other men valued highly. Any freedom given to him appeared to be an encouragement to anarchy. It was this strong feeling which rendered such an institution as the Inquisition possible; if society was to be firmly knit together and to prosper, it seemed essential that assimilation should be as complete as possible. The conception of a personal religious life, which was

1. The question as to the right and wrong of voluntary residence in heathen lands was discussed by Baxter, *Christian Directory*, iv, 133.

led wholly apart from and in disregard of Christian society, was to these men hardly thinkable. When the grounds of their action become intelligible, the severities inflicted by Christian men in the Middle Ages remain as a monument to warn us against the danger of employing authority to coerce men for their own good, as we conceive it.

The expansion of Christendom was a thing which evoked enthusiasm and for which men were willing to sacrifice their lives; but no wholesome human sentiments attach themselves to the advance of modern civilisation. The less frequented parts of the world are being effectively policed, and vast areas are being opened up, so that scientific skill and mechanical appliances may be used to bring undeveloped resources into the circle of the world's commerce. Marvellous engineering triumphs have completely altered the conditions of agriculture and of industry, so that the whole world is better supplied with things that man desires; but there is little satisfaction to be got from enquiring how this increase of wealth has re-acted on the condition of human life. The ruthless destruction of some native races and the degradation of others have been incidental to the course of progress; nor is it clear that life in the older lands has been elevated or ennobled, because of the riches which have been acquired by exploiting new territories. The progress of such modern civilisation is a thing of which we have little reason to be proud; the men who have profited by it are envied rather than admired; but the economic forces which are urging it on seem to have got out of hand, and we do not see how to check or to guide them to advantage.

Despite its discomforts and limitations, life in the Middle Ages was so far satisfying that few would have thought it either possible or desirable to get away from it altogether; but there are very few in

our day who profess to find the conditions of modern life satisfying in any sense at all. Artists and lovers of Nature resent it frankly, and try to escape it; while many of those who live in the thick of it complain of the oppressive routine. The mechanism of society grinds on, and men have to labour more intensely to keep up with it, till they feel as if they had lost all distinctive personality, and had become mere cogs on the wheel of an industrial machine. In no class of society does human life seem to master its conditions; but human lives are being remorselessly sacrificed while the play of economic forces goes ruthlessly on. Labour unrest is only the most vehement expression of the dissatisfaction that is felt in all classes; and there is a general hope in many quarters that the scientific study of economic conditions may bear fruit in suggesting a remedy.

Political Economists might have pleaded that this problem lay outside the scope of their science, but they have attempted to deal with it; and in so doing they have modified the character of the science and gone beyond the limitations of its scope which had been adopted by Adam Smith. He had had the aim of national prosperity clearly in mind as a thing which was undoubtedly desirable and which he heartily welcomed. Material progress, which resulted in the increased power of the country, was, to his mind, obviously a good thing, and he concentrated his energies in studying the means by which the material prosperity of the country might be promoted. He recognised the forces which were at work in a progressive society, and it never seems to have occurred to him to question the beneficent character of the development of industrial resources which contributed so much to the maintenance of national power. After the fall of Napoleon, how-

ever, it seemed that the menace which had threatened English commerce, for more than a century, was finally dispelled, and that there was no longer any prospect of Britons being called on to defend themselves against attack. The maintenance of national power, either to protect our commerce or to secure our markets, seemed to be uncalled for; while, according to the *laissez faire* doctrine, there were very few directions within the realm in which it could be usefully exerted. In the time of J. S. Mill it seemed absurd to treat the maintenance of national power as the supreme end to which national activities should be consciously directed, and thus he paved the way for a revolution in the science itself. Political Economy in the hands of Adam Smith had been the study of the best means for promoting a given end, but with Mill it came to include a discussion of the end at which it was desirable to aim. This is adumbrated in the celebrated chapter on the Future of the Working Classes. When the aspiration after national power was waived aside as a vain thing, it appeared that economic forces were expending themselves in the purposeless accumulation of masses of wealth for its own sake, and doubts were raised whether a progressive state of society was really beneficial to mankind, and Mill gave his answer to the unexpected question he had raised in his chapter on the Stationary State. He put forward the dictum, "It is only in the backward countries of the world that increased production is still an important object; in those most advanced, what is economically needed is a better distribution." It is not easy to see how such different policies in regard to material progress are to be maintained by countries in free commercial intercommunication. Mill possibly regarded the backward countries as those from which additional food stuffs might be most readily produced for the supply

of the world as a whole; and this interpretation of his meaning is borne out by the additional clause in which he speaks of a stricter restraint on population as "one indispensable means" of a better distribution. He does not idealise complete equality, for he recognises that "levelling institutions, either of a just or of an unjust kind, cannot of themselves accomplish [a better distribution]; they may lower the heights of society but they cannot of themselves, permanently raise the depths." He recommends somewhat tentatively, a system of legislation "favouring equality of fortunes, so far as is consistent with the just claims of the individual to the fruits whether great or small of his or her own industry." He looked to the diffusion of landed property and the progress of co-operation, both in production and distribution, as the chief means by which a more general and less unequal apportionment of property might be brought about. He was not satisfied with mere materialism, for he was confident that these changes would conduce to the improvement of human character and especially to more self-discipline. "The prospect of the future depends on the extent to which [the labouring classes] can be made rational beings." His social philosophy thus led him to anticipate the advent of a sort of Atomism, in which each individual should have similar means of pursuing his own interest, as he saw it, unassisted and unfettered by a paternal State, but self-disciplined by his own intellect. He was confident that a state of society, composed of rational and self-disciplined men and women, would not only maintain a high level of material prosperity but also would be able to enter on a course of indefinite progress in the improvement of human character and faculties. But Mill felt that no human society was ripe for attempting to enter on this atomistic stage with advantage, until men were

sufficiently sensitive to rational intelligence to be able to discipline themselves; he had no enthusiasm for an altogether undisciplined life. In the United States and in Scotland the national temperament has been most favourable to the success of his scheme, but in so far as there has been an intellectual advance in England, through the increase of educational facilities, there does not seem to have been a corresponding diffusion of the power of self-discipline. The intellectual influence Mill hoped for has not been secured, and there have also been remarkable changes in public opinion with which he would not have sympathised; the anxiety in regard to the increase of population by which Mill was obsessed appears to have been dissipated, and there is an increasing tendency to rely on the wisdom and effectiveness of state intervention to confer benefits. There has also been a change, which is partly due to his influence, in the direction of economic studies; though his treatise is so arranged as to bring out the importance he himself assigned to production, he has since given some countenance to the recent reversion to the mediæval standpoint, when the subject of consumption received so much attention.

Since Mill's *Principles* appeared, a very strong public sentiment has been roused as to the dangers and evils which occur in connection with the great inequalities in the distribution of wealth; and this sentiment has been quickened by contempt and indignation at the capricious use of wealth by smart people, who lead lives that are quite detached from duties and responsibilities. We should beware lest this wholesome sentiment may be misdirected, and lest we should overlook the real moral evils of irresponsibility and self-indulgence, in life itself, while concentrating attention on external goods and the

means of life. In regard to the means of life, there are serious practical differences of opinion, both as to the ultimate aim we should cherish, and as to the rate at which we can hope to proceed towards it. Some are inspired with an enthusiasm for complete equality of opportunity, while others are content to aim at the reduction of inequalities in every way that is practicable. Some feel that the injustice of inequality has been too long maintained, and that there should be no further delay in carrying out an effective redistribution. Others doubt whether it is expedient to provide opportunities for those who have not learned to use them wisely; the retort, that they cannot learn to use opportunities until they enjoy them, lies open to the rejoinder that some teaching may be desirable; the boy who is left by himself to acquire the art of swimming may possibly be drowned. The question comes before many people in a practical form, as to the provision of improved dwellings for those who have a very low standard of life. There seems to be a real danger lest, by attempts to introduce equality, the complicated social system which at present exists may be so disorganised that the mechanism of production would be put out of order, and that the effect would be to diminish the aggregate of goods in the community, and to reduce rather than increase the share of the very poor. If equality were introduced in such a form as to do away with the division of labour, the total produce of labour would be reduced; there would necessarily be new conditions for the administration of capital, and these might not be advantageous, while credit might vanish altogether.

Still, enthusiasts are prepared to brush aside all the difficulties with which the subject bristles, and to insist that justice has been too long delayed and that a change of distribution should be pressed on, so that all individuals may share alike in the oppor-

tunities for self-development and enjoyment which are available in society. But this claim of an abstract right to share, is new so far as this country is concerned and is not easy to justify. It is found among savage peoples, but only in connection with ties of blood, or subjection to the chief of a tribe. In civilised society the claim to property has been associated with an acknowledgement of responsibilities. In the Middle Ages there was a sense of responsibility to God, or to the authority through whom the right to hold the particular property was conveyed. In modern times the claim to hold property has been closely associated with a responsibility for putting it to a useful purpose. The State exercises a power of controlling the conditions in which wealth is productively employed, and efforts are being made to insist that landed property shall not be withheld from productive employment; it is only in the enjoyment of their income that individuals are practically left free to do as they like with their own. The public imagination has been fired by the opportunities for irresponsible enjoyment which fall to the lot of the idle rich; and a demand is made in the name of Justice that these opportunities of irresponsible enjoyment should be more widely shared. This claim to equality of opportunity as a matter of right, takes no account of differences in the ability to make use of opportunities; the rational element on which Mill laid such stress, as an essential condition, appears to be forgotten. Where there is freedom from external guidance, and no pains are taken to cultivate self-discipline, there is at least a danger that a condition of atomism may degenerate into anarchy. If each individual has similar means of pursuing his own interests as he understands it, there is no security that he will either employ his opportunities and means so as to maintain the exist-

ing material prosperity of society or so as to improve his own powers and character. The proposal for a distribution of the means of production, without a corresponding effort to diffuse a sense of responsibility in the use of them, is not likely to introduce any permanent benefit.

An attempt, however, has recently been made to give a scientific proof that the distribution, which is called for in the name of justice, must certainly bring about an increase of human happiness, and that it is the end to which economists should direct their efforts. In trying to establish this point, Professor Pigou has been led to go outside the limits of the science as hitherto recognised. He is not merely concerned in examining the means to be used towards a given end, but he tries to exhibit the nature of the end itself, and he is forced to traverse dangerous ground. Political Economy differs from many other empirical studies inasmuch as experiment is precluded; but Professor Pigou has to enter a field where accurate observation is difficult, and verification is impossible. He tells us that "Welfare includes states of consciousness only, and not material things or conditions." [1] He abandons the study of things in their relations to one another, and makes enquiries as to states of consciousness the basis on which he rests his conclusions. But such data are very uncertain; for the observer is in special danger of interpreting what he has observed in the light of his own personal habits and aims, and there are no means of discounting this personal equation. Professor Pigou holds that "if we assume all the members of a community to be of similar temperament, and if these members are only two in number, it is easily shown that any transference from the richer to the poorer of the two, since it enables more intense wants to be satisfied at the expense of less

1. A. C. Pigou. *Wealth and Welfare*, 3.

intense wants, must increase the aggregate sum of satisfaction."[1] To measure the intensity of the desires felt by two different people does not seem easy; Professor Pigou's case, when put concretely, scarcely amounts to a demonstration of his thesis. If both the members of this small community are fond of music, and one had a piano,—not a very good one but still a piano,—while the other had no musical instrument of any kind, it would appear that the benevolent statesman might be confident of increasing the aggregate sum of satisfaction in the community if he took away the piano from the richer man and gave each member of the community a first-rate gramophone instead. He would thus provide that both shall be able to satisfy the widely diffused desire of hearing music, and that the richer man shall forego the satisfaction of the less imperative craving to make music personally. But is it quite certain that the aggregate sum of satisfaction would be increased? The man who had had the piano would hardly be satisfied with the gramophone; and we have no means of saying how intense his dissatisfaction would be. On the other hand, the poorer neighbour had probably framed his own desire on his neighbours' luck in possessing a piano and trying to play it himself; it is not clear that he would be satisfied if he only got a gramophone when what he wanted was a piano. If it is difficult to measure intensity of desire it is still more difficult to measure disappointment; there is at least a danger that, in endeavouring to bring about equality, the statesman would introduce serious dissatisfaction on the part of the man who was deprived of something to which he was accustomed, without creating much satisfaction on the part of the man who received much less than he hoped for. The problem was tersely stated by the child who

1. *Ibid.*, 24, 401.

asked, "Why do I dislike the things I dislike so much more than I like the things I like?" The advice which Professor Pigou is prepared to offer to the statesman rests on a shifting foundation—not on data of observed fact, but merely on estimates as to what the average man might feel under certain circumstances. His hypothesis in regard to a community of two people of similar temperaments is unconvincing and cannot be usefully extended to the world at large, with all the variety of human temperaments and conditions.

Political Economists, in trying to pass beyond the old limitations of the science, have lost their bearings; their reasoning loses touch with actuality, and fails to throw light on the course of affairs. Elaborate calculations, illustrated by complicated diagrams, may only end in a re-statement of the data from which the argument started. Economic Science is at its best in analysing the phenomena of the past and of the present, but it cannot give a sufficiently authoritative forecast of the future to supply definite guidance in the perplexities of practical life. Enquiries which are devoted to the examination of states of consciousness in the present can give us little guidance in regard to the possibilities of the future,—either as to the conditions on which increased material prosperity depends, or as to the anticipated progress of improvement in human capacity and character. Economists appear to be nonplussed from the difficulty of finding formulæ which take adequate account of the means of life on the one hand, and of human habits and temperaments on the other, as elements in personal welfare; and it is misleading to take individual happiness as a unit from which the good of mankind can be built up. To insist that the national wealth consists of the aggregate of the wealth of individuals is plausible; but the welfare of the

community is something more than the aggregate sum of the satisfaction enjoyed by separate individuals. Man is a social being, and it is very difficult to reckon up the satisfaction derived from doing a generous act; Dr. Marshall has pointed out that "much of the best work of the world has no price, and evades altogether the economic calculus." [1] From the point of view of consumption it is always better to receive than to give; freedom for the individual to pursue his own private interests does not necessarily lead to the greatest welfare in the community. If, on the other hand, we start by trying to form a conception of the good of the community as a whole, the difficulty is set in a different light, and we can say that the individual finds his personal welfare by sharing in the life of a well-ordered community.

There has been much discussion at times on the question whether Political Economy is a science or an art; the two things are closely connected, and the actual interests involved in the economic side of life are so great that there has never been complete success in rendering the treatment strictly scientific, and pursuing the study from a mere love of truth and desire to enlarge knowledge. Adam Smith regarded the activities of the statesman as mischievous; but he did a good deal to indoctrinate British ministers with the principles of *laissez faire*, and thus to bring about changes of practical policy. So long as attention is fixed on the means of life and material prosperity, it is possible to devise something that serves as a general art of Political Economy, which will hold good with slight modifications in countries where money economy prevails and from which there is access to the great stream of the world's commerce. The conditions which prevail in such countries are so far similar, that it is possible to formulate rules that hold good very

1. *Principles of Economics*, i, 81.

generally for the increase of material prosperity; and in so doing it may suffice to take current commercial morality for granted, and to leave questions of duty entirely on one side. But any attempt to construct an art for conducting life so as to promote the welfare of mankind, involves a consideration of the mutual relations of human beings, and of their responsibilities towards one another. The pretence of framing such an art, on a basis furnished by Economic Science, reveals a very meagre conception of life in human society and its possibilities. It is easy to suggest the condition that each individual shall be free to secure the maximum of satisfaction, so long as he does no wrong to his neighbour; it is simple to propose that the State should provide each citizen with a number of particular boons, such as free meals for his children and a pension in his declining years; but in this scheme of life there is little that tends to awaken or foster a sense of duty to the community. The State is represented as existing for the benefit of individuals, and as a wealthy body on whose resources the citizen can draw indefinitely for his private use; a man may thus be tempted to exercise his political privileges with no better object than that of being able to draw on the public purse more deeply. A general art of life that takes the satisfaction of personal desires,—an object which is common to all mankind—as its foundation, can only furnish a scheme of conduct which might be interpreted as an excuse for reckless self-indulgence, and which would be repudiated by the wisest men of every age and of every country as sordid.

The best hope for retrieving the character of modern civilisation—for re-asserting the dignity of human life and reducing economic activities to due subservience—lies in framing an ideal of the fullest life that is possible for mankind, and in working

towards it as best we can. Science can never supply the inspiration that is needed to create the vision of an ideal, though it can suggest the best means for trying to realise it at any place or time. Science is concerned with the increase of definite knowledge about actual facts; it divides experience into sections which it is convenient to study by themselves; it analyses and it classifies, and any synthesis at which it arrives must be one-sided and incomplete. It we are to aim at promoting human welfare we must beware of neglecting any element that ought to be taken into account; we must not confine ourselves to the consideration of the interests and opportunities of individuals, but must look at the community as a whole. The habit of mind which is characteristic of religion is needed as a corrective to the limitations of the scientific standpoint,[1] and in order to enable us to keep the thought of humanity as a whole in the forefront. Christianity and Comtism differ greatly in their view of the personal destiny of man, but they are alike in maintaining an element of faith in God, or of faith in Humanity. They are alike in viewing all social questions with reference to the welfare of mankind, dimly perceived, but eagerly hoped for. Pseudo-Science starts from particular data and is prepared to derive Universal Laws from a single, imaginary case; but the religious mind starts from an ideal and seeks in experience for confirmation of its belief, and for pledges of the practicability of its hope. We need not wait for scientific experts to accumulate full and accurate knowledge before we begin to act. The notion of human welfare is too complex for us to grasp completely and formulate, since it implies provision of the means of life, on the one hand, as well as an indefinite progress in human faculties and character on the other. Not only does it

1. See p. 4, above.

include these various elements, but there is no part of the inhabited globe which is excluded from it, and it stretches out indefinitely in the future. It is not a state, but rather a process; for human welfare consists in the wholesome and vigorous life of mankind, and the life of each people and country helps to make up the whole. Successful advance in one country sets a better standard at which other communities may aim; and the civil government of each country has the means of bringing pressure to bear for the removal of hindrances to social progress. Each of the great peoples of the past made their respective contributions to the heritage which the modern received from the ancient world; Greece was the mother of philosophy and art; Rome developed and administered a great system of law; we are less concerned with that which was common to both than with that which was distinctive of each. The life of the future of the race will be better and fuller if it is enriched by the best that each separate tribe or city or nation can contribute to the growth and development of human life as a whole.

In the national consciousness of a people who feel that they have in their national life some valuable element, which is lacking elsewhere, we find a patriotism that is not a mere instinctive sentiment, but is a legitimate subject of honest pride. That nation best justifies its existence which cherishes a high national ideal and trains its people to live up to that ideal of life. Each people contributes its quota to enrich the life of the world, by what they are and the life they lead. National life is purified by the recognition of better ideals, and the power of giving effect to the national ideal, may be fostered and may grow. To be of practical influence the national ideal must take account of all that a nation is, in character and history and institutions and of all it has in the resources it can command.

The recognition of the fact that no polity is isolated, but that the citizens of every country have a collective responsibility towards all mankind is at once a corrective of national vanity and a call to national duty. It was the glory of the Elizabethan age that Englishmen awoke to a sense of a national mission to exercise an active influence for good on distant peoples. The men of that age believed that they were privileged to enjoy a better government and a purer Christianity than that fostered under Spanish influence; and they felt that they had a duty to preserve it and a mission to diffuse it in the new world. The bitter constitutional struggles of the seventeenth century diverted attention from the wider considerations of influence abroad; but at the close of the eighteenth century, the British public was aroused to a new sense of collective responsibility for the millions of India, and began to endeavour to train and guide them so that they might attain their full development, and be able to contribute their own quota of thought to the life of the great world. During the nineteenth century Britain has been confronted with an even harder task, and called to rise to a greater responsibility in dealing with a country of which the resources are undeveloped, while the inhabitants are very diverse in race and social institutions. The task of bringing all the various interests, pastoral, agricultural, and mining, to co-operate for the prosperity of South Africa, might seem almost insuperable; only a man with Rhodes' enthusiasm could be inspired by the vision of giving fair play to different races, whether black or white; he sought to make the most of the resources and of the peoples of a continent which so many generations of Europeans had been ready to exploit and oppress, and thus to give South Africa its due place in the world.

When a nation is conscious of the work it can do

in the world and of a distinctive contribution it is making to enrich human life, there need be no hesitation or scruple about the desirability of material progress which promotes national power, and enables that people to bring an increased influence to bear on the life of Man. The pioneers who founded the oversea dominions were eager to plant the highest type of life they knew, so that natural resources should neither be exploited, nor left to lie idle, but might support a greatly increased population which should have opportunities for individual self-development. The end in view of such men as Wakefield and the guiding spirits of the Canada Company was not mere sordid gain, but the planting and maintaining of wholesome human life.

The personal sense of brotherhood with individual men in distant countries is ineffective, and is in danger of remaining a barren sentiment; racial and other differences go so deep. But when we conceive mankind as a family of peoples and nations, we may realise that the nation is the organ by which the welfare of mankind may be effectively promoted; and the citizen of a democratic country, by throwing himself heartily into national life may have a share in advancing the good of Man. Different men have different opportunities of contributing to the maintenance of national life, some on its material side and some by awakening it to higher ideals and a clearer sense of responsibility. Where the people of a country have much in common, national life is vigorous; where they are distracted by conflicting interests and opinions, national life is enfeebled. Each citizen is bound to see that he exercises his political privileges, whatever they are, with a view for the improvement of national ideals and their more complete realisation, and not merely for the promotion of his private interests. Those who are indifferent to the good of the community in which

they live are neglectful of their own duties, and guilty of criminal carelessness, since they leave public concerns to be the prey of the unscrupulous. There are many temptations to selfishness in using any power or privilege, and plausible excuses can always be alleged for shirking responsibility, but those who habitually bring a faith, either in Humanity or in Christ, to bear on their daily conduct as citizens, will be encouraged to hope for the realisation of a distant ideal and ready to forego the prospect of personal reward.

UNIV. OF CALIFORNIA

APPENDIX.

THE ECONOMIC BASIS OF UNIVERSAL PEACE—COSMOPOLITAN OR INTERNATIONAL?[1]

TWENTY-ONE years ago I had the honour of occupying the position of Chairman of this Section at Cardiff and took as the subject of my address, "Nationalism and Cosmopolitanism in Economics."[2] I pointed out that during the eighteenth century the "whole economic skill of the day was devoted to the building up the wealth of the nation" as an independent economic organism. I argued that though this nationalist policy was still maintained by the United States, the general trend of affairs was against it; and that Cosmopolitan economic forces are gradually breaking down national exclusiveness in every part of the known world. I called attention to the fluidity of capital, and to the fact that in making investments "space is ignored, patriotism is left out of sight, and capital is invested wherever there is an apparent promise of profit." I pointed out the solidarity of labour as a factor in production, and urged that in the world of Labour "national differences and peculiarities are ceasing to be of importance." In Great Britain we have so far accepted this changed situation that we are consciously treating this country as part of a greater whole, not as "an independent national economic organism, but

1. Read at a meeting of the Economic Section of the British Association, Dundee, 1912, and reprinted from the *Economic Review*, Jan. 1913.

2. *Report of the Meeting of the British Association at Cardiff*, pp. 726–728.

as one portion of a cosmopolitan organism." As a broad generalization it seemed to me true that, just as municipal economic life had been absorbed during the later Middle Ages in national life, so national economic life was likely to be absorbed in cosmopolitan economic life. The political organisms which have hitherto maintained a rivalry were, as I thought, merely temporary, and were being superseded by the free play of wider interests and more far-reaching forces. Mr. Norman Angell in his interesting book[1] has carried the matter much further, and has shown how, through the credit system, the prosperity of each modern nation is closely intertwined with that of every other. He believes that we have already reached a stage in which it is no longer to the economic interest of any country to injure the prosperity of any other; and he maintains the paradox that, however possible it may have been for a nation to become more rich and powerful by war in the past, in the modern world the evil caused by war must react on the prosperity of the conqueror, so that it can never be for the economic interest of any country to go to war. He bases the hope of Universal Peace on the modifying of public opinion by inducing each civilized community to recognize that it cannot be to its interest to injure the prosperity of another, and that it has nothing to gain by so doing. Considering that, for many generations, economists have been demonstrating that the interests of capital and labour are one, and that each is hurt by any injury to the other, while labour conflicts still go on, I do not feel sure that the prospects of Universal Peace are very favourable, if they are to rest on demonstrations as to the course which best subserves the interests of both of the parties concerned.

But apart from this, I believe that the progress of

1. *The Great Illusion.*

economic cosmopolitanism may easily be exaggerated. Historians are tempted to make some hasty generalization as to the probable course of development, and to believe on insufficient grounds that their forecast is being verified. Twenty-one years ago I noted the revival of national life and national sentiment in many quarters, but I regarded it as an anachronism—a healthy sentiment perhaps, but as a mere sentiment that did not affect economic actualities. Mr. Angell takes this view even more decidedly; for him the national welfare is adequately represented by the aggregate welfare of the existing individuals; each individual is to be free to go his own way, undisturbed by political allegiance. But this disparagement of nationality as a factor in economic life now seems to me premature. There are important functions which can still be best discharged by having regard to national welfare and treating the nation as a unit.

The active elements of economic life are more fluid in the present day than formerly, but there are elements of fixity to be attended to, if the economic prosperity is to be stable. Interest, and the harmony of interests will carry us a long way in economic life; but there is need for coercive authority, which lays down the limits within which private interest can be allowed free play, and can be rightly trusted to bring about the public good. There must be the organization of government, with a definite area in which its control is recognized, if men are to pursue their avocations in peace and security; the unseen foundations of society must not be ignored, even though we habitually leave them out of sight. Nationalism approves itself as a form of polity in which democratic, but coercive, authority can be conveniently exercised, and we should not lightly dismiss it as a thing of the past. The organization of society on national lines, and of resources for

national objects, will continue for the administration of justice and police, even though militarism should completely disappear.

1. Even if it were possible to rely on the force of economic interests for the maintenance of peace in Europe and North America, we must not forget that there are large populations in the far East who are living on a different plane, and who can only hope to defend themselves against aggression and servitude by re-organising their military system on Western models. In other cases where the duty of defending and enforcing law and order among half-civilized populations has been undertaken by a European power, that power must retain its military character, while there is need of naval force for police purposes on the seas. A country which has half-civilized possessions cannot afford to be entirely cosmopolitan; even so far as economic life is concerned, the active factors in progress are not so detached in backward, as they are in advanced communities. Capital in the oversea dominions is relatively fixed; it is mostly employed in building lines of communication, and in providing fixed plant for some industry or some species of cultivation. There is little conscious community of interest between the coloured labour in different regions; and though the deportation of coolies has been carried on with considerable success in the past, it is difficult to say that there is any increasing detachment of labour from tropical and semi-tropical territories. National organization, with a naval and military side, affords the most convenient means for exercising police control over large areas of the territory of the world.

2. There are, moreover, modes in which political influence and national organization can do much to promote economic prosperity: even in advanced communities this is not independent of territorial

attachment. The government of a country has a power of borrowing which is of immense importance for turning capital into any definite direction; but its credit rests on its power of levying taxation, or on its ability to draw revenue from a given area of the earth's surface. The power of political authority may also be needed to check the possible tyranny of association. In America there is a constant agitation against the powers exercised by Trusts, and the problem of the hour is that of bringing these bodies under such control that they shall be compelled to show more consideration for the common good. In this country anxiety is often expressed lest the Labour Associations should abuse the privileges which have been conferred upon them. There is no cosmopolitan authority which can at present exercise any effective control over capital or labour; for the present there is need of national control within given areas, and the best hopes of exerting control seems to lie in the combined action of leading nations. Regulation, which is to be effectively enforced, cannot be really cosmopolitan, but must be international, since it rests ultimately on a national basis.

3. Political authority exercised within a given area may also be used not only to put down abuses in economic life, but to foster progress. In undeveloped countries there is need of railways and other public works to bring them within the range of the commerce of the world, and direction is needed to make the most of their resources. Public spirited and far seeing direction is necessary that the resources of an area may be developed so as to be of lasting value, and not merely exploited for the benefit of the existing generation. The inhabitants of any country are justified in demanding that political authority shall seek to foster the permanent material welfare of the land in which we live. And this principle does not merely apply to undeveloped

areas; a highly developed country, which is not self-sufficing, but is dependent on outside sources for a supply of food, or for the raw material which is necessary for some established industry, may rightly look to political authority for assistance in securing a vital economic interest. When all these considerations are taken into account it appears that territorial considerations, and political authority over a given area, are by no means out of date, but are still playing an important part in economic life.

We are all interested in seeing that there shall be a firm foundation on which the police control of the world at large, together with the maintenance of peace between the most highly developed countries, may be securely based. The question which confronts us is whether this can be best accomplished through a cosmopolitanism which ignores and disparages and undermines national economic life, or by means of an internationalism which is built up out of a group of strong and vigorous nationalities.

This is a matter to be argued on "the facts of the world as they stand."[1] The decision as to the real nature of the change that is going on is to be reached not by any generalization from the history of the past, but by a detailed study of the relevant phenomena in the present time. The supreme interest in the study of British commerce to-day lies in the fact that it affords the necessary materials for investigating this fundamental issue in regard to economic organization, and for deciding whether the actual trend of affairs at this time is in favour of cosmopolitanism on the one hand, or of nationalism and internationalism on the other.

Alone among the commercial nations of the world Great Britain has made herself the exponent of economic cosmopolitanism; hence the validity of

1. *The Great Illusion*, 204.

this principle can be tested by examining the progress of Great Britain relatively to that of other communities which retain the system of economic nationalism. If Great Britain is not only advancing, but advancing more rapidly than communities which retain the nationalist organization, then we are justified in saying that the cause of cosmopolitanism is increasing in material resources and moral influence throughout the world, and that List, in advocating economic nationalism, induced the United States and Germany to take a retrograde step. But if, on the other hand, economic nationalism is holding its own and advancing, can we be sure that economic cosmopolitanism has really come to stay?

There are other ways in which the inquiry may be pursued; after all, there is no complete cosmopolitanism, even in the economic affairs of Great Britain, and we can distinguish three divisions of over-seas commerce into which it enters in different degrees. Our commerce with foreign countries is conducted on cosmopolitan lines; the commerce with the great self-governing dominions is less cosmopolitan, as ties both of sentiment and of preference come in; while the tropical dependencies are still more closely affected by direct administration and are most nearly an expansion of British territory. If those departments of trade, where national influences are prevalent are decaying, and those where cosmopolitanism dominates are advancing, then we may feel that cosmopolitanism has justified itself. If, on the other hand, the branches of trade which retain a national character are flourishing most, then we may once more be compelled to doubt whether cosmopolitanism has come to stay.

Having thus tried to state the problem, I will only say that I agree with those who think that national-

ism and internationalism are winning all along the line, and that the one country, which has consciously accepted the *rôle* of being a part of a cosmopolitan economic organism, and professes to discard a national system altogether, is not holding her own—at least is not holding her own so obviously as to induce others to follow her example. Economic cosmopolitanism is not such a proved success that it is wise for those who are interested in advocating Universal Peace to take it as the basis of their claim. On its material side the argument which assumes the progress of cosmopolitanism is doubtful.

But there is a moral aspect as well. The Peace Propagandism of our time has been inclined to disparage "the blind dogma of patriotism"; it has seemed to cultivate a wide humanitarianism and to aim at exorcising patriotic enthusiasm as if it were an evil. If it can link itself with patriotic sentiment, it will gain in force enormously. Peace propagandism will be wise to take this line if national economic organization is likely to persist, and if peace, both among civilized and uncivilized peoples, can be rested on the influence and relationships of the higher nationalities. Such advocacy will not only be more effective, but it will exercise a better moral influence. It is important that the people of any land should value the sense of national independence, it is glorious to attain a sense of national mission. Success or failure in the art of war depends on conditions that lead to success or failure in other arts; the benefit to character lies not in the fighting itself, but in the possession of ideals for which the citizen feels that it is worth while to make a sacrifice. It is good for any man to be able to draw inspiration from the past of his country, and to cherish ideals for its future.

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